

File No. 201397

Committee Item No. 5

Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 13, 2021

Board of Supervisors Meeting

Date January 26, 2021

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MTA Board of Director Resolution No. 201215-110</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Bond Purchase Contract</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Continuing Disclosure Certificate</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Escrow Agreement</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>5th Supplement Indenture of Trust</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Good Faith Estimates</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CEQA Determination - January 12, 2021</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Department Presentation - January 13, 2021</u> |
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Completed by: Linda Wong Date January 8, 2021

Completed by: Linda Wong Date January 15, 2021

1 [Refunding Revenue Bonds - Municipal Transportation Agency - Not to Exceed \$185,000,000]

2
3 **Resolution authorizing the sale, issuance and execution of not to exceed \$185,000,000**
4 **aggregate principal amount on a tax-exempt or taxable basis of refunding revenue**
5 **bonds by the Municipal Transportation Agency to refinance all or a portion of**
6 **outstanding bonds, approving the form of certain financing documents including the**
7 **bond purchase contract, the fifth supplement to indenture of trust, one or more escrow**
8 **agreements, and a continuing disclosure certificate; authorizing the taking of**
9 **appropriate actions in connection therewith; and related matters approving the forms**
10 **of documents relating thereto; approving the maximum interest thereon; finding that**
11 **the authorization and issuance of refunding revenue bonds by the agency is not a**
12 **project under CEQA, CEQA Guidelines, and San Francisco Administrative Code,**
13 **Chapter 31; and related matters, as defined herein.**

14
15 WHEREAS, The San Francisco Municipal Transportation Agency ("SFMTA") desires to
16 refinance all or a portion of: (i) \$37,960,000 San Francisco Municipal Transportation Agency
17 Revenue Bonds, Series 2012A; (ii) \$25,835,000 San Francisco Municipal Transportation
18 Agency Revenue Bonds, Series 2012B; (iii) \$75,440,000 San Francisco Municipal
19 Transportation Agency Revenue Bonds, Series 2013; and (iv) \$70,605,000 San Francisco
20 Municipal Transportation Agency Revenue Bonds, Series 2014 (collectively, the "Prior
21 Bonds") and provide funds for SFMTA's purposes; and

22 WHEREAS, Pursuant to Section 8A.102(b)(13) of the Charter ("Charter") of the City and
23 County of San Francisco ("City"), the Board of Supervisors of the City and County of San
24 Francisco ("Board") may authorize the issuance of revenue bonds by the Board of Directors
25 ("Board of Directors") of the SFMTA without voter approval for any SFMTA-related purpose and

1 secured solely by SFMTA revenues, such revenue bonds to be issued and sold in accordance
2 with state law, the Charter or any procedure provided for by ordinance; and

3 WHEREAS, Pursuant to the procedures outlined in Article XIII of Chapter 43 of the San
4 Francisco Administrative Code ("Code"), the Board of Directors may issue revenue bonds
5 authorized in accordance with the Charter ("SFMTA Refunding Revenue Bonds"); and

6 WHEREAS, In order to refund the Prior Bonds, the SFMTA proposes to issue SFMTA
7 Refunding Revenue Bonds, in one or more series or subseries, on a taxable or tax-exempt
8 basis in an aggregate amount not to exceed \$185,000,000 aggregate principal amount of
9 refunding revenue bonds ("Refunding Bonds") to refinance all or a portion of the Prior Bonds;
10 and

11 WHEREAS, The SFMTA has determined to issue the Refunding Bonds on a
12 negotiated basis pursuant to a Bond Purchase Contract (as defined below) in substantially the
13 form submitted with this Resolution with the underwriters to be named therein; and

14 WHEREAS, The SFMTA has been presented with the form of certain documents
15 related to the revenue bonds, including the Fifth Supplement, the Bond Purchase Contract,
16 one or more Escrow Agreements, and the Continuing Disclosure Certificate (all as defined
17 below, and collectively, the "Financing Documents"), and the SFMTA has examined each
18 document and desires to approve, authorize and direct the execution of such documents and
19 the consummation of such financing; and

20 WHEREAS, The provisions of the Financing Documents do not conflict with the
21 requirements of the Code; and

22 WHEREAS, The Board desires to confirm that proceeds of the new Traffic Congestion
23 Mitigation Tax levied by the City and allocable to the SFMTA pursuant to Article 32 of the
24 City's Business and Tax Regulations Code ("Agency Traffic Congestion Mitigation Tax
25 Proceeds") constitute Pledged Revenues under the Indenture (defined below); and

1 WHEREAS, The Board of Directors of the SFMTA approved on December 15, 2020, a
2 resolution authorizing the issuance of Refunding Bonds in an amount not to exceed
3 \$185,000,000, and approved the forms of documents named in such resolution; now,
4 therefore, be it

5 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
6 follows:

7 Section 1. Recitals. All of the recitals herein are true and correct.

8 Section 2. Approval and Authorization of SFMTA Refunding Revenue Bonds. The
9 issuance by the Board of Directors of the SFMTA Refunding Revenue Bonds in one or more
10 series or sub-series for the purposes of refinancing all or a portion of the Prior Bonds,
11 providing funds for SFMTA's purposes, and paying costs of issuance and other incidental
12 costs, is hereby approved as required by Section 43.13.4 of the Code. The total principal
13 amount of the SFMTA Revenue Bonds issued from time to time shall not exceed the
14 aggregate principal amount of not to exceed \$185,000,000 aggregate principal amount of
15 Refunding Bonds; provided however, the SFMTA shall not cause an issuance of Bonds
16 authorized hereunder until the SFMTA Board of Directors shall have approved the form of
17 Preliminary Official Statement prepared in connection with the sale of Refunding Bonds.

18 Section 3. No Conflicts with the Code. The SFMTA Refunding Revenue Bonds shall be
19 issued pursuant to the terms of the Financing Documents as each shall be approved as to
20 form by the City Attorney, which approval shall be conclusively evidenced by the signature of
21 the City Attorney on each such agreement; provided, that the terms of the Financing
22 Documents shall not conflict with the requirements of the Code.

23 Section 4. Maximum Interest Rate. Pursuant to Section 43.13.4(b) of the Code, the
24 maximum interest rate for the SFMTA Refunding Revenue Bonds shall not exceed 12% per
25 annum.

1 Section 5. Approval of the Fifth Supplement and Authorization of the Trustee. The form
2 of a fifth supplement to indenture of trust ("Fifth Supplement"), supplementing that certain
3 Indenture of Trust dated July 1, 2012 ("Indenture"), by and between the SFMTA and U.S.
4 Bank National Association, as trustee or such other trustee selected by the Director of
5 Transportation of the SFMTA ("Director") or his designee, copies of which are on file with the
6 Clerk of the Board under File No. 201397 is hereby approved, with such changes, additions,
7 and modifications as the Director or his designee may make or approve in accordance with
8 Section 9 hereof.

9 Section 6. Approval of Bond Purchase Contract relating to the SFMTA Refunding
10 Revenue Bonds. The form of a bond purchase contract relating to the SFMTA Refunding
11 Revenue Bonds ("Bond Purchase Contract"), a copy of which is on file with the Clerk of the
12 Board under File No. 201397 is hereby approved, with such changes, additions, and
13 modifications as the Director or his designee may make or approve in accordance with
14 Section 9 hereof.

15 Section 7. Approval of the Escrow Agreements. The form of one or more escrow
16 agreements ("Escrow Agreements") between the SFMTA and U.S. Bank National Association
17 as escrow agent, a copy of which is on file in preliminary form with the Clerk of the Board under
18 File No. 201397 is hereby approved, with such changes, additions and modifications as the
19 Director or his designee may make or approve in accordance with Section 9 hereof.

20 Section 8. Approval of the Continuing Disclosure Certificate. The form of a continuing
21 disclosure certificate of the SFMTA ("Continuing Disclosure Certificate"), a copy of which is on
22 file with the Clerk of the Board under File No. 201397 is hereby approved, with such changes,
23 additions, and modifications as the Director or his designee may make or approve in
24 accordance with Section 9 hereof.

25

1 Section 9. Pledged Revenues. The Board hereby confirms that Agency Traffic
2 Congestion Mitigation Tax Proceeds constitute Pledged Revenues under the Indenture.

3 Section 10. Modifications, Changes and Additions; Additional Agreements. The
4 approvals contained herein shall extend to any modifications, changes and additions to the
5 Fifth Supplement, the Bond Purchase Contract, the Escrow Agreements, the Continuing
6 Disclosure Certificate and all agreements of the Board of Directors supplemental thereto, as
7 well as to such additional agreements as the Board of Directors may adopt or the SFMTA may
8 execute for the purpose of implementing the issuance, sale and delivery of the SFMTA
9 Refunding Revenue Bonds. The Director's approval of such modifications, changes or
10 additions, made upon consultation with the City Attorney and Schiff Hardin LLP and the Law
11 Office of Monica M. Baranovsky, as Co-Bond Counsel to the SFMTA, shall be conclusively
12 evidenced by the execution and delivery by the Director of the Financing Documents;
13 provided however any such modifications, changes or additions shall be in accordance with
14 the grant of authorization contained in this Resolution.

15 Section 11. Modification of Financial Covenants. Notwithstanding anything to the
16 contrary in this Resolution, the Director, with the advice of the municipal advisor to the
17 SFMTA, may approve modifications to the financial covenants set forth in the Financial
18 Documents, including but not limited to budget and revenue covenants, additional debt
19 covenants and the definition of "Pledged Revenues" to the extent such revisions are deemed
20 necessary or desirable by the Director for the issuance of the SFMTA Refunding Revenue
21 Bonds based on advice from the municipal advisor.

22 Section 12. CEQA. On January 12, 2021, the Planning Department made the following
23 finding in compliance with the California Environmental Quality Act (CEQA), California Public
24 Resources Code, Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative Code,
25 Sections 15000 et seq., (CEQA Guidelines), and San Francisco Administrative Code, Chapter

1 31 (Chapter 31); that the issuance of the SFMTA Refunding Revenue Bonds by the SFMTA is
2 not subject to CEQA because as the establishment of a government financing mechanism that
3 does not identify individual specific projects to be constructed with the funds, it is not a project
4 as defined by CEQA and the CEQA Guidelines, which determination is contained in Board of
5 Supervisors File No. 201397, and this Board concurs with this determination.

6 Section 13. General Authority. The Director, Controller of the City, the City Attorney,
7 and all other appropriate officers, employees, representatives and agents of the City are
8 hereby authorized and directed to do everything necessary or desirable to provide for the
9 issuance of the SFMTA Refunding Revenue Bonds.

10
11 APPROVED AS TO FORM:
12 DENNIS J. HERRERA, City Attorney

13 By: /s/ MARK D. BLAKE
14 MARK D. BLAKE
15 Deputy City Attorney

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Item 5 File 20-1397	Department: Municipal Transportation Agency (MTA)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would authorize the sale and issuance of not to exceed \$185,000,000 aggregate principal amount on a tax-exempt or taxable basis of refunding revenue bonds by the Municipal Transportation Agency to refinance all or a portion of outstanding bonds. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> In 2007, San Francisco voters approved Proposition A, authorizing MTA to issue revenue bonds and other forms of indebtedness to finance transit, parking and other capital improvement projects, subject to Board of Supervisors’ approval. MTA and their financial advisors have determined that the agency may achieve significant debt service savings by refinancing all or a portion of the outstanding par for the following revenue bonds: (1) Series 2012A; (2) Series 2012B; (3) Series 2013; and (4) Series 2014. MTA needs to refinance and issue refunding bonds to achieve debt service savings due to historically low interest rates, and to support the agency’s operating budget, the revenues of which have been severely impacted by the Covid-19 health crisis. The debt service savings, near term savings from debt service reserve releases, and principal and interest releases will be carried forward to FY 2021-22 to help close MTA’s currently estimated \$63 million operating deficit in that same fiscal year. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> According to good faith estimates from MTA’s Municipal Advisor Backstrom, McCarley Berry & Co, the revenue bond refunding authorized by the proposed resolution would result in an estimated \$22.2 million of debt service savings over the 20-year period from 2024 through 2044. Using an estimated annual discount rate of 2.33 percent, the MTA would have total savings of approximately \$22 million in net present value. According to RBC Capital Markets, the underwriter for the bond transaction, based on current market conditions the Series 2021 bonds would have an estimated average coupon rate of 2.44 percent, which will be lower than the average 5 percent coupon rate of the Series 2012A, Series 2012B, Series 2013, and Series 2014 bonds. The refunding is structured to provide the MTA with \$22.5 million in up-front savings in FY 2020-21 from the release of currently obligated debt service reserves and principal and interest. This will provide MTA with greater funding for operations given enterprise revenue losses associated with the Covid-19 pandemic. The refunding bonds are expected to be sold during the week of February 8, 2021. MTA will repay the bonds from MTA gross annual pledged revenues, which totaled approximately \$764,755,363 in FY 2019-20 and is projected to decrease by \$221,240,946 to \$543,514,417 in FY 2020-21 <p style="text-align: center;">Recommendation</p> <p>Approve the proposed resolution.</p>	

MANDATE STATEMENT

Charter Section 8A.102(b)(13) authorizes the San Francisco Municipal Transportation Agency (MTA) to incur debt and issue bonds, notes, certificates of indebtedness, commercial paper, financing leases, certificates of participation and other debt instruments without further voter approval, subject to Board of Supervisors approval. Charter Section 8A.102(b)(13) requires that (1) the Controller must first certify that MTA has sufficient unencumbered fund balances available in the appropriate fund to meet all payments on debt obligations as they become due; and (2) any debt obligation, if secured, is secured by revenues or assets under the jurisdiction of the MTA.

BACKGROUND

In 2007, San Francisco voters approved Proposition A, authorizing MTA to issue revenue bonds and other forms of indebtedness to finance transit, parking and other capital improvement projects, subject to Board of Supervisors' approval.

In 2012, the MTA issued bonds (Series 2012A) for \$37,960,000 to refund outstanding revenue bonds. In 2012, the MTA also issued revenue bonds (Series 2012B) for \$25,835,000 to finance (1) Systemwide Transit Access and Reliability (Transit Signal Priority) Program, (2) Muni Metro Sunset Tunnel Rail Rehabilitation, (3) Muni Metro Turnback Rehabilitation, (4) Muni Metro System Public Announcement and Public Display System Replacement, (5) Muni System Radio Replacement Project, (6) Muni Green Light Rail Facility Rehabilitation, and (7) major rehabilitation, preservation, and improvement of existing parking facilities.

In 2013, the MTA issued revenue bonds (Series 2013) for \$75,440,000 to fund capital projects for (1) pedestrian safety and traffic signals, (2) street and bicycle projects, (3) transit system improvements, (4) parking garage and Muni facility improvements, and (5) light rail vehicle procurement.

In 2014, the MTA issued revenue bonds (Series 2014) for \$70,605,000 to fund capital projects for (1) pedestrian safety and traffic signals, (2) transit system improvements, (3) street and bicycle projects, (4) facility improvements, and (5) light rail vehicle procurement.

In 2017, the MTA issued revenue bonds (Series 2017) for \$177,830,000 to finance (1) Muni Light Rail Vehicle (LRV) Procurement, (2) Van Ness Bus Rapid Transit Project/Improvement Project, (3) Mission Bay Transportation Capital Improvements for the Chase Center, (4) Pedestrian Safety and Traffic Signal Improvements, (5) Transit System Safety and Spot Improvements, (6) Complete Street Capital Improvements, and (7) Facility Improvements.

According to Mr. Samuel Thomas, MTA Manager of Analysis and Controls Office, the agency and their financial advisors have determined that MTA may achieve significant debt service savings by refinancing all or a portion of the outstanding par for the following revenue bonds: (1) Series 2012A; (2) Series 2012B; (3) Series 2013; and (4) Series 2014. Series 2017 Revenue Bonds are not being refunded as a refunding will not result in cost savings for the MTA. On December 5, 2020,

the MTA Board approved the issuance of not to exceed \$185,000,000 aggregate principal amount of refunding revenue bonds to refinance all or a portion of the Series 2012A, Series 2012B, Series 2013, and Series 2014 revenue bonds.

As shown in Table 1 below, MTA expects to refund \$156,210,000 in outstanding par for the selected bonds. The original bonds will be legally defeased at closing and called for redemption at their first optional call dates.

Table 1. Outstanding Bonds to be Refunded

Bond	Original Par Amount	Outstanding Par Amount
Series 2012A	\$37,960,000	\$11,690,000
Series 2012B	\$25,835,000	\$25,835,000
Series 2013	\$75,440,000	\$56,190,000
Series 2014	\$70,605,000	\$62,495,999
Total	\$209,840,000	\$156,210,000

Source: Municipal Transportation Agency

According to Mr. Thomas, proceeds of the bonds to be refunded have been fully expended except for a de minimis balance for Series 2013, and a \$4,400,000 balance for Series 2014 which is projected to be fully expended by the end of FY 2020-21.¹

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- 1) Authorize the sale, issuance and execution of not to exceed \$185,000,000 aggregate principal amount on a tax-exempt or taxable basis of refunding revenue bonds by the Municipal Transportation Agency to refinance all or a portion of outstanding bonds;
- 2) Approve the form of certain financing documents including the bond purchase contract, the fifth supplement to indenture of trust, one or more escrow agreements, and a continuing disclosure certificate;
- 3) Authorize the taking of appropriate actions in connection therewith; and related matters approving the forms of documents;
- 4) Set a maximum interest rate of 12 percent per year on the bonds;

¹ Mr. Thomas states that the remaining balance is a result of dollars that were not expended on certain projects that are now in administrative closeout. The closeout process requires certain accounting steps in coordination with the Department of Public Works (DPW). MTA is working with DPW to close the projects and transfer remaining 2014 dollars to other projects for full spend-down. Mr. Thomas states that the MTA Bond Oversight Committee is aware of the current process and MTA estimates full expenditure by the end of FY 2020-21.

- 5) Adopt finding that the authorization and issuance of refunding revenue bonds by the agency is not a project under the California Environmental Quality Act (CEQA), CEQA Guidelines, and San Francisco Administrative Code, Chapter 31.

According to Mr. Thomas, MTA needs to refinance and issue refunding bonds to achieve debt service savings due to historically low interest rates, and to support the agency's operating budget, the revenues of which have been severely impacted by the Covid-19 health crisis. The debt service savings, near term savings from debt service reserve releases, and principal and interest releases will be carried forward to FY 2021-22 to help close MTA's currently estimated \$63 million operating deficit in that same fiscal year.

Table 2 below outlines the estimated sources and uses of the proposed bond refinance.

Table 2: Estimated Sources and Uses of Proposed Bond Refinance

Estimated Sources:	Series 2021A	Series 2021B	Total
Par Amount	166,670,000	7,470,000	\$174,140,000
Premium ²		2,209,626	\$2,209,626
Total Estimated Sources:	\$166,670,000	\$9,679,626	\$176,349,626
Estimated Uses:			
Refunding Escrow Deposits ³	\$165,630,957	\$9,631,422	\$175,262,379
Cost of Issuance	651,788	29,212	681,000
Underwriter's Discount	387,086	17,349	404,435
Additional Proceeds	169	1643	1812
Total Estimated Uses:	\$166,670,000	\$9,679,626	\$176,349,626

Source: Municipal Transportation Agency

According to Mr. Thomas, the proposed issuance amount of \$176,349,626 is based on market conditions as of December 18, 2020. In addition to the issuance amount, the proposed resolution's not-to-exceed amount of \$185 million includes an approximately \$9 million in a reserve for market uncertainty to provide room for bond market fluctuations, a standard practice in debt transactions.

FISCAL IMPACT

According to good faith estimates⁴ from MTA's Municipal Advisor Backstrom, McCarley Berry & Co, the revenue bond refunding authorized by the proposed resolution would result in an estimated \$22.2 million of debt service savings over the 20-year period from 2024 through 2044.

² The premium is the amount that investors would be willing to pay more than the face value of the bonds. With premium bonds, investors receive a higher interest rate in exchange for paying a premium at issuance.

³ The amount of required deposit into an irrevocable escrow account that will be applied to the purchase of escrow securities at, or prior to, bond closing. The amount of the purchased escrow investments along with accrued interest will be precisely sufficient to redeem the refunded bonds at the first available redemption date for each respective refunded bonds.

⁴ Based on estimates of market conditions as of December 18, 2020

Using an estimated annual discount rate of 2.33⁵ percent, the MTA would have total savings of approximately \$22 million in net present value. According to RBC Capital Markets, the underwriter for the bond transaction, based on current market conditions the Series 2021 bonds would have an estimated average coupon rate⁶ of 2.44 percent, which will be lower than the average 5 percent coupon rate of the Series 2012A, Series 2012B, Series 2013, and Series 2014 bonds.

Further, the refunding is structured to provide the MTA with \$22.5 million in up-front savings in FY 2020-21 from the release of currently obligated debt service reserves and principal and interest. This will provide MTA with greater funding for operations given enterprise revenue losses associated with the Covid-19 pandemic. The refunding bonds are expected to be sold during the week of February 8, 2021. Annual estimated debt service payments and savings are shown in Table 3 below.

Table 3. MTA Debt Service Payments and Savings

Date	Current Prior Debt Service Payment	Estimated New Refunding Debt Service Payment	Estimated Gross Savings	Estimated Net Present Value Savings ⁷
6/30/2021	\$9,631,422	-	\$9,631,422	\$9,622,739
6/30/2022	13,464,244	3,660,959	9,803,284	9,590,518
6/30/2023	13,281,994	10,523,918	2,758,076	2,650,676
6/30/2024	13,279,494	13,274,518	4,976	22,736
6/30/2025	13,286,744	13,282,794	3,950	19,867
6/30/2026	13,280,294	13,276,081	4,213	18,351
6/30/2027	13,282,294	13,278,865	3,429	15,977
6/30/2028	13,281,556	13,277,613	3,944	14,861
6/30/2029	13,282,294	13,279,568	2,726	12,342
6/30/2030	13,282,156	13,275,667	6,489	14,089
6/30/2031	13,284,056	13,283,203	853	8,235
6/30/2032	13,279,475	13,277,517	1,958	8,522
6/30/2033	13,283,100	13,282,304	797	6,407
6/30/2034	7,306,350	7,305,929	422	4,903
6/30/2035	7,303,750	7,299,521	4,230	7,199
6/30/2036	7,305,750	7,304,725	1,026	4,369
6/30/2037	7,306,000	7,305,803	198	3,293
6/30/2038	7,304,000	7,298,978	5,023	6,133
6/30/2039	7,304,250	7,302,368	1,883	3,568
6/30/2040	7,301,000	7,300,538	463	2,193
6/30/2041	7,298,750	7,298,488	263	1,613

⁵ This is the all-in True Interest Cost which includes the cost of issuance. Pursuant to City's Debt Policy, the all-in True Interest Cost is to be used as the discount rate for purposes of calculating net present value in bond refunding.

⁶ The coupon rate is the nominal fixed rate and will not change over the life of the bond. The average coupon rate is a weighted average of all the individual coupon rates of the various maturities from 2023 thru 2044.

⁷ Estimated annual discount rate is 2.33 percent

Date	Current Prior Debt Service Payment	Estimated New Refunding Debt Service Payment	Estimated Gross Savings	Estimated Net Present Value Savings⁷
6/30/2042	7,306,750	7,306,073	678	1,403
6/30/2043	4,503,750	4,502,605	1,145	1,233
6/30/2044	4,504,500	4,503,285	1,215	990
Total	\$243,943,972	\$221,701,314	\$22,242,658	\$22,042,216

Source: Municipal Transportation Agency

The maximum interest rate that refunding bonds can be sold, pursuant to Section 43.13.4(b) of the Administrative Code, is 12 percent. The estimated true interest cost (TIC) on the refunding bonds is 2.29 percent (based on market conditions as of December 18, 2020). The prior bonds carry original average interest rate of approximately 5 percent. The refunding bonds will be issued as fixed rate bonds. The term of the proposed refunding bonds does not exceed the original terms of the bonds to be refunded, in accordance with MTA debt policy.

Principal repayment will not begin until FY 2023-24 to provide the MTA with maximum budget relief to cope with the impact of Covid-19. However, interest will still be paid semi-annually to bondholders, due March 1 and September 1 of each year, commencing on September 1, 2021.

The final maturity of the refunding bonds will be March 1, 2044. According to Mr. Thomas, debt service is already budgeted by the MTA in FY 2020-21 and FY 2021-22 for the existing Series 2012, 2013 and 2014 bonds that are being refunded. Because the MTA expects to obtain savings from the transaction, planned expenditures will not rise. Consequently, an additional appropriation will not be required because costs will not exceed the currently appropriated amounts.

Negotiated Sale of Bonds

Mr. Thomas states that the bonds will be sold through a negotiated process led by underwriters. According to Mr. Thomas, the Covid-19 pandemic has caused serious bond market dislocation for the entire transportation sector. Early in the pandemic, transit and airport issuers were effectively shut out of the capital market due to Covid-19-related concerns, or had to pay very high interest rates. In the current market, Mr. Thomas believes investors will demand a material penalty for the MTA’s revenue bonds if they are not given time to review and understand the agency’s financial position and credit. Further, a competitive sale may result in higher interest rates for the MTA and much higher underwriter's discount to compensate for greater market risk and lack of opportunity to review the credit. Pricing levels will be commensurate with other market transactions with comparable credit quality and related sector of the municipal bond market. According to Mr. Thomas, market benchmarks will be utilized to ensure the total interest cost to the City is the lowest achievable levels based on market conditions at the time of pricing.

Pledged Revenues

MTA will repay the bonds from MTA gross annual pledged revenues, which totaled approximately \$764,755,363 in FY 2019-20 and is projected to decrease by \$221,240,946 to \$543,514,417 in FY 2020-21, as summarized in Table 4 below.

Table 4: MTA's Gross Pledged Revenues

Revenue Sources	FY 2018-19 (Actuals)	FY 2019-20 (Actuals)	FY 2020-21 (Projected)
Passenger Fares (fixed route and paratransit)	\$197,109,784	\$154,100,412	\$20,304,573
Traffic Fines, Fees, Permits and Taxi	151,066,069	116,027,827	101,938,885
Parking Meters	61,264,074	43,912,682	38,284,557
Parking Garages	72,412,231	56,049,361	40,085,535
Other (includes rent, advertising and interest)	50,477,804	39,888,998	29,500,804
AB 1107 ⁸	46,776,462	44,485,548	42,098,816
State Transit Assistance (STA)	64,726,627	61,227,565	46,270,753
Transportation Development Act (TDA)	46,162,703	49,434,104	41,063,438
Federal Pandemic Support (CARES Act)	0	199,628,866	176,583,108
TNC Congestion Mitigation Tax	0	0	7,383,949
Total	\$689,995,754	\$764,755,363	\$543,514,417⁹

Source: Municipal Transportation Agency

MTA does not include General Fund Baseline Transfer, General Fund Transfer in Lieu of Parking Tax or restricted grant funds in the revenues pledged to repay these bonds. According to the official statement for the revenue bonds, MTA is not obligated to pay principal or interest on the bonds from any source of funds other than pledged revenues, such that the City's General Fund is not liable for payment of the principal or interest on the subject bonds.

Debt Service as a Percent of Operating Expenses

MTA implemented and updated debt policies in 2011 and 2013 which established MTA's process, guidelines, restrictions, and financial criteria for issuing debt to fund capital projects. According to MTA's debt policy, aggregate annual debt service on long-term debt should not exceed 5 percent of MTA's annual operating expenses. According to Mr. Thomas, combined annual debt service of the existing Series 2017 Bonds (not being refunded) and Series 2021 refunding bonds will not exceed 2.0 percent of MTA's annual operating budget over the 24-year term of the refunding bonds.

RECOMMENDATION

Approve the proposed resolution.

⁸ This is the half-cent sales tax collected in Alameda, Contra Costa and San Francisco counties. The state government allocates 75 percent of these funds to BART and the remaining 25 percent to the Metropolitan Transportation Commission, which allocates its share of the funds evenly between the San Francisco MTA and AC Transit.

⁹ Total may not add due to rounding.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 201215-110

WHEREAS, Pursuant to Section 8A.102(b)(13) of the Charter (“Charter”) and Chapter 43 of the Administrative Code of the City and County of San Francisco (“City”), the San Francisco Municipal Transportation Agency (“SFMTA”) may issue revenue bonds and other debt instruments, with the concurrence of the Board of Supervisors of the City (the “Board”) and without voter approval, such bonds to be issued in accordance with state law and any procedure provided for by ordinance; and

WHEREAS, The SFMTA desires to refinance all or a portion of: (i) \$37,960,000 San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A; (ii) \$25,835,000 San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012B; (iii) \$75,440,000 San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013; and (iv) \$70,605,000 San Francisco Municipal Transportation Agency Revenue Bonds Series 2014 (collectively, the “Prior Bonds”) and to provide funds to finance the costs of SFMTA new capital projects; and

WHEREAS, In order to refund the Prior Bonds and to provide funds for new capital projects, the SFMTA desires to issue its revenue bonds, in one or more series or subseries, on a taxable or tax-exempt basis in an aggregate amount not to exceed \$485,000,000 (“Bonds”), comprised of: (i) not to exceed \$185,000,000 aggregate principal amount of refunding revenue bonds (“Refunding Bonds”) to refinance all or a portion of the Prior Bonds; and (ii) not to exceed \$300,000,000 aggregate principal amount of new money revenue bonds (“New Money Bonds”) to provide funds for SFMTA purposes; including in each case such, amounts necessary to pay associated financing costs; and

WHEREAS, The SFMTA has been presented with the form of certain documents related to the revenue bonds, including the Fifth Supplement, the Purchase Contract, one or more Escrow Agreements, and the Continuing Disclosure Certificate (all as defined below, and collectively, the “Financing Documents”); and

WHEREAS, On December 3, 2020, the SFMTA, under authority delegated by the Planning Department, determined that the Refunding Bonds and New Money Bonds as described above are not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; and

WHEREAS, The SFMTA desires to confirm that proceeds of the new Traffic Congestion Mitigation Tax levied by the City and allocable to the Agency pursuant to Article 32 of the City's Business and Tax Regulations Code ("Agency Traffic Congestion Mitigation Tax Proceeds") constitute Pledged Revenues under the Indenture (defined below); now, therefore be it

RESOLVED, That all of the recitals herein are true and correct and constitute findings of this Board; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors approves the issuance in one or more series or sub-series of San Francisco Municipal Transportation Agency Revenue Bonds on a taxable or tax-exempt basis in an amount not to exceed \$485,000,000, which includes the issuance of not to exceed \$185,000,000 aggregate principal amount of Refunding Bonds to refinance all or a portion of the Prior Bonds and up to \$300,000,000 aggregate principal amount of New Money Bonds to provide funds to pay the costs of SFMTA capital projects or improvements, including in each case such amounts necessary to pay various financing costs, and, be it

FURTHER RESOLVED, That the Board of Directors hereby approves the form of Financing Documents submitted to this Board, including but not limited to, that certain Fifth Supplement ("Fifth Supplement"), supplementing that certain Indenture of Trust dated July 1, 2012 ("Indenture"), by and between the SFMTA and U.S. Bank National Association, as successor trustee ("Trustee"). The Bonds may be issued in one or more series or sub-series on one or more dates, on a tax-exempt or taxable basis. The Trustee is authorized to cause the registration and authentication of the Bonds in accordance with the Indenture. The Director of Transportation of the SFMTA is authorized and directed to: (i) determine the aggregate principal amount of Bonds to be issued from time to time (subject to the maximum amount and further limitations and conditions set forth herein); (ii) determine the various titles and series designations of the Bonds; (iii) determine whether to establish a reserve account for one more series of Bonds; and (iv) determine the redemption provisions of the Bonds. The Bonds shall bear interest rates not to exceed 12 percent per annum, and shall mature no later than 30 years from their date of issuance. The form of the Bonds, in substantially the form set forth in the Fifth Supplement presented to this meeting, is approved; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to approve and to execute the Bonds, by manual or facsimile signature, and the Secretary of the Board of Directors is authorized to attest, by manual or facsimile signature, with such changes, additions, amendments or modifications thereto which they may approve, with the advice of the City Attorney and Co-Bond Counsel, such approval to be conclusively evidenced by the issuance of the Bonds, provided however that the Director of Transportation is not authorized to cause the issuance of Bonds hereunder until the Board of Supervisors shall have concurred by resolution with the issuance of the Bonds, and the Director of Transportation shall have presented to this Board for approval a form of Preliminary Official Statement and secondary market undertaking; and provided further that the Director of Transportation shall not proceed with the issuance of Refunding Bonds unless such transaction achieves debt service savings of at least three percent

(three percent) of the par value of the refunded bonds on a net present value basis in aggregate; and; and be it

FURTHER RESOLVED, That the form of one or more escrow agreements (“Escrow Agreements”) between the City and U.S. Bank National Association as escrow agent (“Escrow Agent”), as presented to the Board of Directors, a copy of which is on file with the Secretary of the Board of Directors, is approved. The Director of Transportation or his designee is authorized to execute the Escrow Agreements, with such changes, additions and modifications as he may make or approve in accordance with this Resolution; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to cause a sale of the Bonds by means of a negotiated sale with an underwriter or underwriters selected in accordance with City contracting procedures. The form of a bond purchase contract (“Purchase Contract”), as presented to the Board of Directors, a copy of which is on file with the Secretary of the Board of Directors, is approved. The Director of Transportation is authorized to make such changes, additions and modifications to the Purchase Contract as the Director of Transportation may make or approve in accordance with this Resolution; provided, however, that the Underwriters’ discount under the Purchase Contract shall not exceed 0.50% of the principal amount of the Bonds and the Director of Transportation presents such Purchase Contract to this Board for approval showing final changes, additions or modifications prior to the sale of the Bonds; and be it

FURTHER RESOLVED, That the form of the continuing disclosure certificate of the City (“Continuing Disclosure Certificate”), as presented to the Board of Directors, a copy of which is on file with the Secretary of the Board of Directors, is approved. The Director of Transportation or his designee is authorized to execute the Continuing Disclosure Certificate, with such changes, additions, and modifications as he may make or approve in accordance with this Resolution; and be it

FURTHER RESOLVED, That the City Controller, the City Treasurer, the Director of Transportation, the City Attorney, and all other appropriate officers, employees, representatives, and agents of the City are authorized to do everything necessary or desirable to provide for the issuance of the Bonds, including, but not limited to, executing and delivering such certificates and other documents as they may deem necessary or advisable, including, without limitation, any custody agreements required by the Trustee; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to approve and make such modifications, changes, or additions to the Fifth Supplement, the Purchase Contract, the Continuing Disclosure Certificate, or the Escrow Agreements, upon consultation with the City Attorney and Co-Bond Counsel, as may be necessary or desirable in the interests of the SFMTA, and which changes are within the parameters of this Resolution. The Director of Transportation’s approval of such modifications, changes, additions, or deletions shall be conclusively evidenced by (i) final approval by this Board, and thereafter (ii) the execution and delivery by the Director of Transportation of the Financing Documents. The Director of

Transportation is further authorized to take any actions or make any decisions necessary to maximize the financial advantages to be realized in connection with the issuance of the Bonds; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to cause a resolution to be prepared and submitted to the Board of Supervisors seeking their concurrence with respect to the issuance of Bonds by the SFMTA in accordance with Charter Section 8A.102(b)(13); and be it

FURTHER RESOLVED, That Section 5.01 of the Indenture and Section 3.01 of the Fifth Supplement, both of which set forth the disposition of Pledged Revenues (as defined in the Indenture) applicable to SFMTA's bonds issued pursuant to the Indenture, as supplemented, are hereby confirmed by the Director of Transportation and the Director of Transportation further confirms, pledges and covenants with the holders of the Bonds that the Pledged Revenues shall be appropriated and expended in the order of priority set forth in Section 5.05 of the Indenture, as the same may be amended from time to time, and be it

FURTHER RESOLVED, That this Board of Directors hereby confirms that Agency Traffic Congestion Mitigation Tax Proceeds constitute Pledged Revenues under the Indenture, and be it

FURTHER RESOLVED, That, notwithstanding anything to the contrary in this Resolution, the Director of Transportation, with the advice of the municipal advisor to the SFMTA, may approve modifications to the financial covenants set forth in the Financing Documents, to the extent such revisions are deemed necessary or desirable by the Director of Transportation for the issuance of the Bonds based on advice from the SFMTA's municipal advisor; provided, however, that any such modifications or revisions shall not materially increase the financial or operational risks to the SFMTA and shall otherwise be subject to the terms hereof; and be it

FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or word of this resolution, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the remaining portions or applications of this resolution; the Board of Directors declares that it would have passed this resolution and each and every section, subsection, sentence, clause, phrase, or word of this resolution not declared invalid or unconstitutional without regard to whether any other portion of this resolution or application thereof without regard to whether any other portion of this resolution or application thereof would be subsequently declared invalid or unconstitutional; and be it

FURTHER RESOLVED, That the documents presented to the Board of Directors are on file with the Secretary of the Board of Directors.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of December 15, 2020.

Caroline Celaya

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

\$ _____
San Francisco Municipal Transportation Agency
\$ _____ Refunding Revenue Bonds, Series 2021A (Federally Taxable)
\$ _____ Refunding Revenue Bonds, Series 2021B (Tax-Exempt)
\$ _____ Revenue Bonds, Series 2021C (Tax-Exempt)

BOND PURCHASE CONTRACT

_____, 2021

San Francisco Municipal Transportation Agency
1 South Van Ness Avenue
7th Floor
San Francisco, CA 94103

Ladies and Gentlemen:

The undersigned RBC Capital Markets, LLC (the "Representative") on its own behalf and on behalf of Goldman Sachs & Co. LLC and Siebert Williams Shank & Co., LLC (each, an "Underwriter" and collectively with the Representative, the "Underwriters"), hereby offers to enter into this agreement (this "Purchase Contract") with the San Francisco Municipal Transportation Agency (the "Agency"). Upon the acceptance of this offer by the execution and delivery of this Purchase Contract by the Agency to the Representative, this Purchase Contract will be binding upon the Agency and the Underwriters. This offer is made subject to the acceptance of this Purchase Contract by the Agency on or before 5:00 p.m., California time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by facsimile transmission or otherwise) from the Representative delivered to the Agency at any time prior to the acceptance of this Purchase Contract by the Agency. If the Underwriters withdraw this offer, or the Underwriters' obligation to purchase the Bonds (as hereinafter defined) is otherwise terminated pursuant to Section 10 hereof, then and in such case the Agency shall be without any further obligation to the Underwriters, including the payment of any costs set forth under Section 11(b) hereof, and the Agency shall be free to sell the Bonds (defined below) to any other party.

Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the respective meanings set forth for such terms in the Official Statement (as hereinafter defined) and the Indenture (as hereinafter defined).

The Representative represents and warrants to the Agency that it has been duly authorized to enter into this Purchase Contract on behalf of the Underwriters and to act hereunder by and on behalf of the other Underwriters. Any authority, discretion or other power conferred upon the Underwriters by this Purchase Contract may be exercised jointly by all of the Underwriters or by the Representative on their behalf.

The Underwriters represent and warrant that this Purchase Contract, assuming due and legal execution and delivery thereof by, and validity against, the Agency, when executed by the Representative, will be a legal, valid and binding joint and several obligation of each Underwriter enforceable in accordance with its terms, subject to valid bankruptcy, insolvency, reorganization moratorium and other laws affecting creditors' rights generally,

The Agency acknowledges and agrees that (a) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transaction between the Agency and each of the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor, or fiduciary of the Agency; (b) the Underwriters have not assumed (individually or collectively) any advisory or fiduciary responsibility to the Agency with respect to the Purchase Contract, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter, or any affiliate of an Underwriter, has provided other services or is currently providing other services to the Agency on other matters); (c) the Underwriters have financial and other interests that differ from those of the Agency; and (d) the Agency has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Contract, the Underwriters (acting as principals and independent contractors and not as advisors, agents or fiduciaries) hereby, jointly and severally, agree to purchase from the Agency, and the Agency agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$_____ aggregate principal amount of San Francisco Municipal Transportation Agency Refunding Revenue Bonds, Series 2021A (Federally Taxable) (the "Series 2021A Bonds"); the \$_____ aggregate principal amount of San Francisco Municipal Transportation Agency Refunding Revenue Bonds, Series 2021B (Tax-Exempt) (the "Series 2021B Bonds"); and the \$_____ aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021C (Tax-Exempt) (the "Series 2021C Bonds," and together with the Series 2021A Bonds and the Series 2021B Bonds, the "Bonds"). The Series 2021B Bonds and the Series 2021C Bonds are referred to herein as the "Tax-Exempt Bonds". The purchase price for the Bonds shall be \$_____ (the "Purchase Price"), calculated as the aggregate principal amount of \$_____ plus an aggregate [net] original issue premium in the amount of \$_____ (comprised of \$_____ for the Series 2021A Bonds, \$_____ for the Series 2021B Bonds and \$_____ for the Series 2021C Bonds) and less an aggregate underwriters' discount in the amount of \$_____ (comprised of \$_____ for the Series 2021A Bonds, \$_____ for the Series 2021B Bonds and \$_____ for the Series 2021C Bonds).

The Bonds will be dated their date of delivery and will mature, subject to prior redemption, on March 1 in each year, in the amounts as set forth in Exhibit A attached hereto. The Bonds will be subject to optional redemption prior to maturity as shown on Exhibit A. The Bonds will bear interest at the interest rates set forth in Exhibit A. Interest

shall be payable on each March 1 and September 1, commencing ____, 201_ until maturity or earlier redemption.

Interest on the Series 2021A Bonds will not be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); interest on the Series 2021B Bonds and the Series 2021C Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on all Bonds will be exempt from State of California (the "State") personal income taxes, all as further described in the Official Statement, dated the date hereof, and relating to the Bonds, as further defined below.

Section 2. Preliminary Official Statement and Official Statement. The Agency ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Bonds, dated _____, 2021 (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the offering and sale of the Bonds by the Underwriters prior to the availability of the final Official Statement (defined below) relating to the Bonds to be dated the date hereof. The Agency represents that the Preliminary Official Statement was deemed final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity date, delivery date, ratings and other terms of the Bonds permitted to be excluded from the Preliminary Official Statement by Rule 15c2-12 (the "Excluded Information"). The Agency hereby acknowledges that the Preliminary Official Statement has been made available to investors in electronic form.

The Agency shall provide the Underwriters, within seven (7) business days after the date hereof (but in any event at least two (2) business days prior to the Closing Date (as defined herein)) with a reasonable number of copies of the Official Statement in the form of the Preliminary Official Statement with such changes thereto as have been approved by the Representative (which approval shall not be unreasonably withheld), as requested by the Representative, for distribution. The Agency authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the offering and sale of the Bonds. The Agency authorizes the Representative to file, and the Representative hereby agrees to file at or prior to the Closing Date (as defined herein), the Official Statement with the Municipal Securities Rulemaking Board ("MSRB") in accordance with the applicable rules of the MSRB. The Official Statement, including the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto on or prior to the Closing Date is herein referred to as the "Official Statement."

Section 3. Authorization of the Bonds. The Bonds shall be as described in the Official Statement and shall be issued and delivered and secured under the provisions of an Indenture of Trust dated as of July 1, 2012, between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), as previously supplemented (the "Indenture of Trust"), including as supplemented by a Fifth Supplement to Indenture of

Trust dated as of _____ 1, 2021 (the “Fifth Supplement, and together with the Indenture of Trust, the “Indenture”), by and between the Agency and the Trustee. The issuance of the Bonds is authorized pursuant to Ordinance 57-12 of the Board of Supervisors of the City and County of San Francisco (the “Board of Supervisors”), adopted on April 19, 2012 (the “Ordinance”). The Indenture, the Continuing Disclosure Certificate dated the Closing Date (defined below) executed by the Agency in connection with the Bonds (the “Continuing Disclosure Certificate”) and this Purchase Contract were approved pursuant to Resolution No. _____ adopted by the Board of Directors of the Agency on _____, 2021 (the “Agency Document Resolution”) and Resolution No. _____ adopted by the Board of Supervisors of the City and County of San Francisco on _____, 2021 and signed by the Mayor of the City and County of San Francisco on _____, 2021 (the “Board Resolution” and together with the Ordinance and the Agency Document Resolution, the “Authorizing Legislation”). The Preliminary Official Statement and the Official Statement were approved pursuant to Resolution No. _____ adopted by the Board of Directors of the Agency on _____, 2021 (the “Agency Official Statement Resolution”). The Agency Document Resolution, the Board Resolution and the Agency Official Statement Resolution are collectively referred to as the “Resolutions”).

Section 4. The Bonds. The Bonds are being issued for the purpose of providing funds to (a) refund all or a portion of the (i) San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A and 2012B; (ii) San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013; (iii) San Francisco Municipal Transportation Agency Revenue Bonds, Series 2014; and (iv) San Francisco Municipal Transportation Agency Revenue Bonds, Series 2017, (b) finance a portion of the costs of various capital projects for the Agency as described in the Official Statement, (c) [make a deposit to the Series 2021 Reserve Account of the Bond Reserve Fund established under the Indenture], and (c) pay a portion of the costs of issuance of the Bonds.

Section 5. Agency Representations, Covenants and Agreements. The Agency represents and covenants and agrees with each of the Underwriters that as of the date hereof:

(a) The Agency has full legal right, power and authority to issue the Bonds and to enter into the Indenture, this Purchase Contract and the Continuing Disclosure Certificate (the Indenture, this Purchase Contract and the Continuing Disclosure Certificate are collectively referred to herein as the “Agency Documents”) and to observe and perform the covenants and agreements in the Agency Documents and the Authorizing Legislation; by all necessary official action of the Agency, the Agency has duly adopted the Agency Document Resolution prior to or concurrently with the acceptance hereof; the Agency Document Resolution is in full force and effect and has not been amended, modified, rescinded or challenged by referendum; the Agency has duly authorized and approved the execution and delivery of, and the performance by the Agency of its obligations contained in, the Authorizing Legislation and the Agency Documents; pursuant to the Agency Official Statement Resolution, the Agency has duly authorized and approved the delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement; and the Agency is in compliance in all material respects with the obligations in connection with the issuance, execution and

delivery of the Bonds on its part contained in the Indenture and the Authorizing Legislation. The City has duly adopted the Board and the Board Resolution is in full force and effect.

(b) As of the date thereof and as of the date hereof, the Preliminary Official Statement (except for information regarding The Depository Trust Company (“DTC”) and its book-entry-only system, information under the caption “UNDERWRITING,” and the Excluded Information) did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(c) From the date of delivery of the Official Statement up to and including the end of the underwriting period (as such term is defined in Rule 15c2-12), the Official Statement (except for information regarding DTC and its book-entry only system and information provided by the Underwriters for inclusion therein, including without limitation the information under the caption “UNDERWRITING” and the CUSIP numbers) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. For purposes of this Purchase Contract, the end of the underwriting period shall be deemed to be the Closing Date, unless the Representative shall have notified the Agency to the contrary on or prior to such date.

(d) If the Official Statement is supplemented or amended pursuant to Section 5(e) hereof, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the Closing Date or the end of the underwriting period, as the case may be, the Official Statement as so supplemented or amended (except for information regarding DTC and its book-entry-only system and information provided by the Underwriters for inclusion therein, including without limitation the information under the caption “UNDERWRITING” and the CUSIP numbers, prices and yields on the Bonds) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) If between the date of delivery of the Official Statement and the date that is 25 days after the end of the underwriting period (i) any event shall occur or any fact or condition shall become known to the Agency that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the Agency shall notify the Representative thereof; and (ii) if in the reasonable opinion of the Agency or the Representative such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Representative, which approval shall not be unreasonably withheld.

(f) The Agency is not in material violation of, or in material breach of or in material default under, any applicable constitutional provision, charter provision, law or

administrative regulation or order of the State or the United States of America or any applicable judgment or court decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the Agency is a party or to which the Agency or any of its properties is otherwise subject which violation, breach or default would have a material adverse effect on the Agency's financial condition, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a violation, breach or default under any such instrument; and the execution and delivery of the Agency Documents, the enactment of the Authorizing Legislation and compliance with the provisions of the Agency Documents and the Authorizing Legislation do not and will not materially conflict with or constitute a material breach of or material default under any applicable constitutional provision, charter provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the Agency is subject, or by which it or any of its properties is bound which conflict, breach or default would have a material adverse effect on the Agency's financial condition.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending, with service of process having been accomplished, or to the best knowledge of the City Attorney after due inquiry, threatened by a prospective party or their counsel in writing addressed to the City Attorney, (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the issuance of any of the Bonds or the Agency Documents, or the payment of the principal of and interest on the Bonds, or the application of the proceeds of the Bonds; (iii) in any way contesting or affecting the validity of the Tax-Exempt Bonds, the Authorizing Legislation, the Agency Documents or the tax-exempt status of the interest on the Bonds, or contesting the powers of the Agency or any authority for the issuance, execution and delivery of the Bonds, the approval of the Authorizing Legislation or the execution and delivery by the Agency of the Agency Documents, the delivery of the Preliminary Official Statement or the execution and delivery of the Official Statement; (iv) which would likely result in any material adverse change relating to the financial condition of the Agency; or (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) The Agency will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the Agency in cooperation with the Representative as may be reasonably requested (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Representative, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, that the Agency shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(i) The Bonds and the Agency Documents when executed or adopted by the Agency, will be legal, valid and binding obligations of the Agency enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, other laws affecting creditors' rights generally, and to limitations on remedies against public agencies under California law.

(j) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, court, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the issuance of the Bonds or the due performance by the Agency of, its respective obligations under Agency Documents have been duly obtained or when required for future performance are expected to be obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(k) The financial statements of the Agency for the fiscal year ended June 30, [2020] set forth as an Appendix A to the Preliminary Official Statement and the Official Statement fairly present the financial position of the Agency as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein and, other than as set forth therein, were prepared in conformity with generally accepted accounting principles applicable to local governments applied on a consistent basis.

(l) The Agency has never defaulted in the payment of principal or interest with respect to any of its obligations.

(m) The Agency will undertake, pursuant to the Indenture and a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, pursuant to paragraph (b)(5) of Rule 15c2-12. An accurate description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

(n) Except as described in the Preliminary Official Statement and the Official Statement, the Agency has complied with all previous continuing disclosure undertakings required pursuant to Rule 15c2-12 for the past five years.

(o) Between the date hereof and the Closing Date, the Agency will not supplement or amend the Agency Documents, the Authorizing Legislation or the Official Statement in any respect that is material to the obligations of the Agency under this Purchase Contract without the prior written consent of the Representative, which consent shall not be unreasonably withheld.

Section 6. Underwriters' Representations, Covenants and Agreements. The representations, covenants and agreements of each of the Underwriters attached hereto as Exhibit C are incorporated by reference as though fully set forth herein. Each of the Underwriters further represents and covenants and agrees with the Agency that:

(a) The Representative has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriters.

(b) Such Underwriter is not in material violation of, or in material breach of or in material default under, any applicable law, regulation, order or agreement to which such Underwriter is a party or by which such Underwriter is bound, which violation or breach would have a material adverse effect on such Underwriter's ability to execute (if such Underwriter is the Representative), deliver and perform this Purchase Contract. The Representative has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriters.

(c) It shall comply with the San Francisco Business Tax Resolution and shall, if not otherwise exempt from such Resolution, provide to the City a Business Tax Registration Certificate on or prior to the date hereof.

(d) It shall comply with Chapter 12B of the San Francisco Administrative Code, entitled "Nondiscrimination in Contracts," which is incorporated herein by this reference.

Section 7. Offering. It shall be a condition to the Agency's obligations to sell and to deliver the Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Bonds that the entire \$_____ aggregate principal amount of the Bonds shall be executed, issued and delivered by or at the direction of the Agency and purchased, accepted and paid for by the Underwriters at the Closing. On or prior to the Closing, the Representative will provide the Agency with information regarding the reoffering prices and yields on the Bonds, in such form as the Agency may reasonably request.

The Underwriters agree, subject to the terms and conditions hereof, to make a bona fide public offering of all the Bonds initially at prices not in excess of the initial public offering prices as set forth on Exhibit A hereto and in the Official Statement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering price set forth in the Official Statement.

Each of the Underwriters will provide, consistent with the requirements of MSRB, for the delivery of a copy of the Official Statement to each customer who purchases a Bond during the underwriting period. Each of the Underwriters further agree that it will comply with applicable laws and rules of the SEC and MSRB, including without limitation Rule 15c2-12, in connection with the offering and sale of the Bonds.

Section 8. Closing. At 8:30 a.m., California time, on _____, 2021, or at such other time as shall have been mutually agreed upon by the Agency and the Representative (the "Closing Date" or the "Closing"), the Agency will deliver or cause to be delivered to the account of the Representative, under the Fast Automated Securities Transfer System of DTC, the Bonds, in the form of a separate single fully registered bond for each Series, maturity date and interest rate of the Bonds duly executed by the Agency and authenticated by the Trustee, together with the opinions and documents set forth in

Section 9 hereof. The Representative will, subject to the terms and conditions hereof, accept delivery of the Bonds and pay the Net Purchase Price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds on the Closing Date. The Bonds shall be made available to the Trustee not later than one business day before the Closing Date. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

Payment for the delivery of the Bonds shall be coordinated at the offices of Schiff Hardin LLP, in San Francisco, California, or at such other place as shall have been mutually agreed upon by the Agency and the Representative. Such payment and delivery is called the "Closing." The Representative shall order CUSIP identification numbers and the Agency shall cause such CUSIP identification numbers to be printed on the Bonds, but neither the failure to print any such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the Representative to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract.

Section 9. Closing Conditions. The obligations of the Underwriters under this Purchase Contract are subject to the performance by the Agency of its obligations hereunder and are also subject to the following conditions:

(a) the representations of the Agency herein shall be true, complete and correct on the date thereof and on and as of the Closing Date, as if made on the Closing Date;

(b) at the time of the Closing, the Agency Documents and the Resolutions shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Representative; and

(c) at or prior to the Closing, the Underwriters shall have received each of the following documents:

(i) the Official Statement, together with any supplements or amendments thereto in the event the Official Statement has been supplemented or amended, with the Official Statement and each supplement or amendment, if any, signed on behalf of the Agency by its authorized officer;

(ii) the Indenture of Trust, signed on behalf of the Agency and the Trustee by their respective authorized officers;

(iii) the Fifth Supplement, signed on behalf of the Agency and the Trustee by their respective authorized officers;

(iv) a certificate of the Agency dated the Closing Date and executed by its authorized officer(s), substantially in the form attached hereto as Exhibit D;

(v) an opinion of the City Attorney of the City, as counsel to the Agency, addressed solely to the Agency in a form acceptable to the Agency and Schiff Hardin LLP and the Law Office of Monica M. Baranovsky (“Co-Bond Counsel”);

(vi) unqualified opinions of Co-Bond Counsel, dated the Closing Date and in substantially the form set forth in Appendix [G] to the Official Statement;

(vii) supplemental opinions of Co-Bond Counsel, addressed to the Agency and the Underwriters, dated the Closing Date and in to the following effect:

(A) The statements contained in the Official Statement under the captions “TERMS OF THE BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “TAX MATTERS,” APPENDIX F—“SUMMARY OF THE LEGAL DOCUMENTS” and APPENDIX G—“PROPOSED FORM[S] OF LEGAL OPINIONS OF CO-BOND COUNSEL,” insofar as such statements purport to summarize certain provisions of the Indenture and the Bonds and the opinion of Co-Bond Counsel with respect to the validity and tax treatment of interest on the Bonds in all material respects.

(B) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(C) This Purchase Contract and the Agency Documents have each been duly authorized, executed and delivered by the Agency and constitute the valid and binding agreements of the Agency, each enforceable in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting enforcement of creditors’ rights, by the application of equitable principles if equitable remedies are sought and limitations on the enforcement of legal remedies against public agencies in the State.

(viii) a Negative Assurance Letter from Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel, addressed and in form and substance acceptable to the Agency and the City Attorney, with a reliance letter to the Underwriters;

(ix) an opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Underwriters’ Counsel (“Underwriters’ Counsel”), addressed to the Underwriters, dated the Closing Date, to the effect that (A) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; (B) assuming the due authorization, execution and delivery of the Continuing Disclosure Certificate by the Agency and the enforceability thereof, the Continuing Disclosure Certificate is in a form that satisfies part (b)(5)(i) of Rule

15c2-12 of the Securities Exchange Act of 1934; and (C) based upon examinations which they have made, which may be specified, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, nothing has come to the attention of the attorneys in such firm rendering legal services to the Underwriters in connection with the Bonds which caused them to believe that (i) the Preliminary Official Statement as of its date or as of the date of the Purchase Contract contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or (ii) the Official Statement as of its date contained, or as of the date hereof contains, any untrue statement of a material fact or as of its date omitted, or as of the date hereof omits, to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except that, with respect to both the Preliminary Official Statement and the Official Statement, such firm expresses no view with respect to any financial statements or other financial, accounting, statistical, economic, engineering or demographic data; any charts, tables, graphs, forecasts, estimates, projections, assumptions or expressions of opinion; the information set forth in the Appendices to the Preliminary Official Statement and the Official Statement; any CUSIP numbers or information relating thereto; or any information about tax status of the Bonds, DTC and its book-entry system, ratings or rating agencies;

(x) evidence of required filings with the California Debt and Investment Advisory Commission;

(xi) an opinion of counsel to the Trustee, addressed to the Agency and the Underwriters, dated the Closing Date and in form and substance acceptable to the Agency and the Representative;

(xii) a certificate of the Trustee, dated the Closing Date, to the effect that: (A) it is a national banking association duly organized and existing under the laws of the United States; (B) it has full corporate trust powers and authority to serve as Trustee under the Indenture; (C) it acknowledges and accepts its obligations under the Indenture and it has duly authorized, executed and delivered the Indenture and that such acceptance and execution and delivery is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any contract to which it is a party or any administrative or judicial decision by which it is bound; and (D) it has duly authenticated the Bonds in accordance with the terms of the Indenture;

(xiii) a Tax Certificate of the Agency in form and substance acceptable to Co-Bond Counsel and evidence of the preparation for filing of IRS Form 8038-G with respect to the Tax-Exempt Bonds;

(xiv) copies of the Authorizing Legislation and the Agency Official Statement Resolution, duly certified as having been duly enacted by the governing

body and as being in full force and effect, with such changes or amendments as may have been approved in writing by the Representative, which approval shall not be unreasonably withheld;

(xv) evidence satisfactory to the Representative that Moody's Investors Service, Inc., and S&P Global Ratings have assigned ratings of "___," and "___," respectively, to the Bonds;

(xvi) the Continuing Disclosure Certificate duly executed by the Agency;

(xvii) the Escrow Agreement relating to duly executed by the Agency and the Escrow Agent;

(xviii) a certificate of the Escrow Agent, dated the Closing Date, to the effect that: (A) it is a national banking association duly organized and existing under the laws of the United States; (B) it has full corporate trust powers and authority to serve as Escrow Agent under each Escrow Agreement; and (C) it acknowledges and accepts its obligations under each Escrow Agreement and it has duly authorized, executed and delivered the Indenture and that such acceptance and execution and delivery is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any contract to which it is a party or any administrative or judicial decision by which it is bound;

(xix) a defeasance opinion of Co-Bond Counsel relating to each Series of Refunded Bonds addressed to the Agency and the Underwriters;

(xx) a report of a certified public accounting firm acceptable to the Representative as to the sufficiency of amounts deposited into the Escrow Fund established under the Escrow Agreement to assure timely payment of the principal of, and interest on, the Refunded Bonds;

(xxi) [with respect to the Series 2021C Bonds, the reports and other documents required by Section 2.09(b) of the Master Indenture; and]

(xxii) such additional legal opinions, Bonds, instruments or other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date of this Purchase Contract and as of the Closing Date, of the Agency's representations contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Agency on or prior to the Closing Date of all agreements then to be satisfied by the Agency.

If the Agency shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the

Agency shall be under further obligations hereunder, except that the respective obligations of the Agency and the Underwriters set forth in Section 11 of this Purchase Contract shall continue in full force and effect.

Section 10. Termination. The Underwriters shall have the right to cancel their obligation to purchase the Bonds by written notification from the Representative to the Agency if at any time after the date of this Purchase Contract and prior to the Closing:

(a) any event shall have occurred or any fact or condition shall have become known which, in the reasonable judgment of the Representative upon consultation with the Agency, Co-Bond Counsel and Disclosure Counsel (both as hereinafter defined), at the time of such event, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either such event, the Agency refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

(b) Legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which in the reasonable opinion of the Representative has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Indenture under the Trust Indenture Act of 1939, as amended; or

(c) any of the following occurs and is continuing as of the Closing Date which, in the reasonable judgment of the Representative (set forth in a written notice from the Representative to the Agency terminating the obligation of the Underwriters to accept delivery of and make payment for the Bonds), has a material adverse effect on the marketability or market price of the Bonds, at the initial offering prices set forth in the Exhibit A attached hereto, or the Underwriters' ability to process and settle transactions:

(i) new Legislation shall have been enacted by the Congress of the United States, or passed by either House of the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of either House to which such legislation has been referred for consideration, or a new decision shall have been rendered by a court of the United States, or the United States Tax Court, or new order, ruling, regulation (final, temporary or proposed) or official statement shall have been made by the Treasury Department of the United States, including the Internal Revenue Service, the effect of which would be to cause interest on the Bonds or on securities of the general character of the Bonds to cease to be excludable from gross income for federal income tax purposes; or

(ii) an amendment to the Constitution of the State of California shall have been passed or legislation shall have been enacted by the California legislature, or a decision shall have been rendered by a court of the State of California, in each case which may have the purpose or effect of subjecting interest on the Bonds to State income tax; or

(iii) (A) The declaration of war by the United States, any major new outbreak or escalation of armed hostilities, an act of terrorism or any other major national calamity or crisis, (B) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations; or

(iv) the declaration of a general banking moratorium by any federal, New York or California authorities; or

(v) a general suspension of trading or other material restrictions on the New York Stock Exchange or other national securities exchange not in effect as of the date hereof; or

(vi) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the delivery, offering or sale of obligations of the general character of the Bonds, or the delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(vii) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters; or

(viii) the ratings on the Bonds or bonds on parity with the Bonds, is reduced or withdrawn or placed on credit watch with negative outlook by any one or more of the rating agencies rating the Bonds or bonds on parity with the Bonds; or

(ix) there shall have occurred any materially adverse change in the affairs or financial condition of the Agency not disclosed in the Preliminary Official Statement; or

(x) a material disruption in municipal bond market securities settlement, payment or clearance services affecting the Bonds.

Section 11. Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Agency in establishing the issue prices of the Series 2021B Bonds and the Series 2021C Bonds and shall execute and deliver to the Agency at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Agency and Co-Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2021B Bonds and the Series 2021C Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, the Agency will treat the first price at which 10% of each maturity of the Series 2021B Bonds and the Series 2021C Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Representative shall report to the Agency the price or prices at which the Underwriters have sold to the public each maturity of Series 2021B Bonds and the Series 2021C Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2021B Bonds and the Series 2021C Bonds, the Representative agrees to promptly report to the Agency the prices at which the unsold Series 2021B Bonds and the Series 2021C Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Series 2021B Bonds and the Series 2021C Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Series 2021B Bonds and the Series 2021C Bonds of that maturity, provided that the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Agency or Co-Bond Counsel. For purposes of this Section, if Series 2021B Bonds and the Series 2021C Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2021B Bonds and the Series 2021C Bonds.

(c) The Representative confirms that the Underwriters have offered the Series 2021B Bonds and the Series 2021C Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Series 2021B Bonds and the Series 2021C Bonds for which the 10% test has not been satisfied and for which the Agency and the Representative, on behalf of the Underwriters agree that the restrictions set forth in the next sentence shall apply, which will allow the Agency to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2021B Bonds and the Series 2021C Bonds, the Underwriter will neither offer nor sell unsold Series 2021B Bonds and the Series 2021C Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2021B Bonds and the Series 2021C Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the Agency promptly after the close of the fifth (5th) business day after the sale date whether the Underwriters have sold 10% of that maturity of the Series 2021B Bonds and the Series 2021C Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Series 2021B Bonds and the Series 2021C Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Series 2021B Bonds and the Series 2021C Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Series 2021B Bonds and the Series 2021C Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Series 2021B Bonds and the Series 2021C Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party

distribution agreement to be employed in connection with the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2021B Bonds and the Series 2021C Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Series 2021B Bonds and the Series 2021C Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or the dealer that the 10% test has been satisfied as to the Series 2021B Bonds and the Series 2021C Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Agency acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Series 2021B Bonds and the Series 2021C Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2021B Bonds and the Series 2021C Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2021B Bonds and the Series 2021C Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2021B Bonds and the Series 2021C Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement was employed in connection with the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2021B Bonds and the Series 2021C Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2021B Bonds and the Series 2021C Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Agency further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Series 2021B Bonds and the Series 2021C Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2021B Bonds and the Series 2021C Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2021B Bonds and the Series 2021C Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2021B Bonds and the Series 2021C Bonds.

(f) The Underwriters acknowledge that sales of any Series 2021B Bonds and the Series 2021C Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2021B Bonds and the Series 2021C Bonds to the public),

(iii) a purchaser of any of the Series 2021B Bonds and the Series 2021C Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

Section 12. Expenses.

(a) Except for those expenses assigned to the Underwriters pursuant to Section 11(b) hereof, the Underwriters shall be under no obligation to pay, and the Agency shall pay, any expenses incident to the performance of the Agency’s obligations under this Purchase Contract and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Issuer’s Counsel, Co-Bond Counsel, and Disclosure Counsel; (ii) the fees and disbursements of Backstrom McCarley Berry & Co., LLC, San Francisco, California (the “Municipal Advisor”); (iii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the Agency in connection with the transactions contemplated herein; (iv) the costs of preparing and

printing the Bonds; (v) the costs of the printing of the Official Statement (and any amendment or supplement prepared pursuant to Section 5(e) hereof); and (vi) any fees charged by investment rating agencies for the rating of the Bonds. [The Agency acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.]

(b) The Underwriters shall pay all expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds (all of which may be included as an expense component of the Underwriters' discount), including but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the costs of printing the Blue Sky memorandum used by the Underwriters; (iii) all out of pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees of the CUSIP Service Bureau for the assignment of CUSIP numbers; and (iv) all other expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel and the fees for a third-party continuing disclosure compliance review. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the City agrees to reimburse the Underwriters (by way of paying the expense component of the underwriting discount) for such fees.

Section 13. Notices. Any notice or other communication to be given to the Agency under this Purchase Contract may be given by delivering the same in writing to the Agency at the address set forth above and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to the Representative.

Section 14. Parties in Interest. This Purchase Contract is made solely for the benefit of the Agency and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue of this Purchase Contract. All of the representations and agreements of the Agency contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriters; (b) delivery of and payment for the Bonds, pursuant to this Purchase Contract; and (c) any termination of this Purchase Contract.

Section 15. Arm's Length Transaction. The Agency acknowledges that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transaction between the Agency and the Underwriters, (ii) in connection with such transaction and the discussions, undertakings and procedures leading thereto, each Underwriter is acting solely as a principal and not as a municipal advisor, financial advisor, agent or fiduciary of the Agency and may have financial and other interests that differ from those of the Agency, irrespective of whether any Underwriter has provided other services or is currently providing other services to the Agency on other matters; and (iii)

the Agency has consulted with its own legal and financial advisor in connection with the offering of the Bonds.

Section 16. Invalid or Unenforceable Provisions. In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 17. Counterparts. This Purchase Contract may be executed by facsimile transmission and in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 18. Governing Law; Venue. This Purchase Contract shall be governed by and interpreted under the laws of the State of California. Venue for all litigation and other disputes relative arising from or related to this Purchase Contract shall be in the City and County of San Francisco (the "City").

Section 19. City Contracting Requirements. The provisions for the City Contracting Requirements attached hereto as Exhibit A are hereby incorporated herein by reference as though fully set forth herein.

Section 20. Entire Agreement. This Purchase Contract is the sole agreement of the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written. This Purchase Contract may only be amended by a writing executed by the authorized representatives of the parties.

Section 21. Headings. The section headings in this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

Section 22. Effectiveness. This Purchase Contract shall become effective upon execution of the acceptance of this Purchase Contract by the Agency and shall be valid and enforceable as of the time of such acceptance.

[End of Bond Purchase Contract]

Very truly yours,

By RBC CAPITAL MARKETS, LLC, as
Representative of the Underwriters

By _____

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

By _____
Name and title

Time:

MTA Board of Directors
Resolution No. _____

ATTEST:

Secretary
Municipal Transportation Agency
Board of Directors

APPROVED AS TO FORM:

Dennis J. Herrera
City Attorney

By _____
Mark D. Blake
Deputy City Attorney

[Signature Page to Bond Purchase Contract]

EXHIBIT A

MATURITY SCHEDULES

\$ _____
Series 2021A Bonds

<u>Maturity Date</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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Redemption Provisions

Optional Redemption. The Series 2021 Bonds maturing on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2021A Bonds maturing on or after March 1, 20__ are subject to optional redemption prior to maturity on or after March 1, 20__ at the sole option of the Agency, as a whole or in part, on any date (from such maturities as are selected by the Agency and by lot within a maturity if less than all of the Series 2021A serial Bonds of such maturity are selected for redemption), from any source of available funds, at redemption prices equal to the principal amount thereof plus accrued but unpaid interest thereon to the date fixed for redemption.

[Mandatory Sinking Fund Redemption of the Term Bonds. The term Series 2021A Bonds maturing on March 1, 20__ are subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereof, on March 1 in each of the years in the following amounts:

Maturity Date (March 1)	Principal Amount
--	-----------------------------------

* Final Maturity.]

\$ _____
Series 2021B Bonds

<u>Maturity Date (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold- The- Offering- Price Rule</u>
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Redemption Provisions

Optional Redemption. The Series 2021B Bonds maturing on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2021B Bonds maturing on or after March 1, 20__ are subject to optional redemption prior to maturity on or after March 1, 20__ at the sole option of the Agency, as a whole or in part, on any date (from such maturities as are selected by the Agency and by lot within a maturity if less than all of the Series 2021B Bonds of such maturity are selected for redemption), from any source of available funds, at redemption prices equal to the principal amount thereof plus accrued but unpaid interest thereon to the date fixed for redemption.

[Mandatory Sinking Fund Redemption of the Term Bonds. The term Series 2021B Bonds maturing on March 1, 20__ are subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereof, on March 1 in each of the years in the following amounts:

<u>Maturity Date (March 1)</u>	<u>Principal Amount</u>
------------------------------------	-----------------------------

* Final Maturity.]

\$ _____
Series 2021C Bonds

<u>Maturity Date (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold- The- Offering- Price Rule</u>
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Redemption Provisions

Optional Redemption. The Series 2021C Bonds maturing on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2021C Bonds maturing on or after March 1, 20__ are subject to optional redemption prior to maturity on or after March 1, 20__ at the sole option of the Agency, as a whole or in part, on any date (from such maturities as are selected by the Agency and by lot within a maturity if less than all of the Series 2021C Bonds of such maturity are selected for redemption), from any source of available funds, at redemption prices equal to the principal amount thereof plus accrued but unpaid interest thereon to the date fixed for redemption.

[Mandatory Sinking Fund Redemption of the Term Bonds. The term Series 2021C Bonds maturing on March 1, 20__ are subject to redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereof, on March 1 in each of the years in the following amounts:

<u>Maturity Date (March 1)</u>	<u>Principal Amount</u>
------------------------------------	-----------------------------

* Final Maturity.]

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
San Francisco Municipal Transportation Agency
\$ _____ Refunding Revenue Bonds, Series 2021B (Tax-Exempt)
\$ _____ Revenue Bonds, Series 2021C (Tax-Exempt)

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, RBC Capital Markets (“RBC Capital Markets”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **Purchase Contract.** On _____, 2020 (the “Sale Date”), RBC Capital Markets, LLC, on behalf of itself, Goldman Sachs & Co. LLC and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”) and the Issuer, executed a Bond Purchase Agreement (the “Purchase Agreement”) in connection with the sale of the Bonds. RBC Capital Markets and the Issuer have not modified the Purchase Contract since its execution on the Sale Date.
2. **Price.**
 - (a) As of the date of this Certificate, for each [Maturity] [[of the General Rule Maturities] of the Bonds, the first price at which at least 10% of each such Maturity of the Bonds was sold to the Public (the “10% Test”) was the respective price for such Maturity listed in Schedule A attached hereto.
 - (b) [The Underwriters offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
 - (c) As set forth in the Purchase Contract, the Underwriters agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-

Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

- (d) [** With respect to each of the General Rule Maturities of the Bonds:
- (1) As of the date of this Certificate, the Underwriters have not sold at least 10% of the Bonds of these Maturities at any single price.
 - (2) As of the date of this Certificate, the Underwriters reasonably expect that the first sale to the Public of Bonds of these Maturities will be at or below the respective price or prices listed on the attached Schedule A as the “Reasonably Expected Sale Prices for Undersold Maturities.”
 - (3) The Underwriters have agreed to provide actual sales information (substantially similar to the information contained on Schedule B) as to the price at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.
 - (4) On the date the 10% Test is satisfied with respect to all Maturities of the Bonds, RBC Capital Markets will execute a supplemental certificate substantially in the form attached hereto as Schedule C with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

3. **Defined Terms.**

- (a) “*General Rule Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
- (b) “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (c) “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2021), or (ii) the date on which RBC Capital Markets has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (d) “*Issuer*” means the San Francisco Metropolitan Transportation Agency.
- (e) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (f) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate

generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

- (g) *“Underwriter”* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

4. **Arbitrage Yield.** We have calculated the arbitrage yield with respect to the Bonds to be ___% in accordance with the following instructions provided by Co-Bond Counsel; such calculation is attached in Schedule __. Co-Bond Counsel has advised that yield on the Bonds is the discount rate that, when used in computing the present value as of the issue date of all unconditionally payable payments of principal and interest on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of bonds of the issue as of the issue date. Co-Bond Counsel has advised that the issue price is determined based on the prices of each maturity of the Bonds listed in Schedule A. To the extent that we provided the Issuer and Co-Bond Counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Bonds, these computations are based on our understanding of directions that we have received from Co-Bond Counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Co-Bond Counsel.

5. **Credit Enhancement.**

- (a) The present value of the amount paid to obtain the Credit Enhancement (as defined in the Tax Certificate) is less than the present value of the interest reasonably expected to be saved as a result of having the Credit Enhancement, using the yield with respect to the Bonds as the discount factor for this purpose.
- (b) To the best knowledge of the undersigned, the amount paid by the Issuer to the Insurer (as defined in the Tax Certificate) for the Credit Enhancement is within a reasonable range of premiums charged for comparable credit enhancement for obligations comparable to the Bonds.

6. The representations set forth in this certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this certificate represents RBC Capital Markets' interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands

that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated _____, 2021 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Co-Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

RBC CAPITAL MARKETS, LLC

By: _____
Managing Director

Dated: _____, 2021

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

[Schedules to be updated at pricing in the event there are Hold-the-Offering-Price-Maturities]

Actual Sales Information as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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**Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Prices</u>
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**]

[**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

Actual Sales for Undersold Maturities as of the Closing Date

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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**]

[**SCHEDULE C
TO
ISSUE PRICE CERTIFICATE

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

\$ _____
San Francisco Municipal Transportation Agency
\$ _____ **Refunding Revenue Bonds, Series 2021B (Tax-Exempt)**
\$ _____ **Revenue Bonds, Series 2021C (Tax-Exempt)**

The undersigned, RBC Capital Markets, LLC (“RBC Capital Markets”), on behalf of itself, Goldman Sachs & Co. LLC and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Issue Price.

(a) The Underwriters sold at least 10% of the _____ Maturities of the Bonds to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the _____ Maturities of the Bonds, the Underwriters had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).

(b) As of the date of this Supplemental Certificate, the Underwriters have satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on Exhibit A attached hereto.

2. Defined Terms.

- (a) “Issuer” means the San Francisco Metropolitan Transportation Agency.
- (b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) “Underwriter” means (1) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) of this paragraph to participate in the

initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. The representations set forth in this certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this certificate represents RBC Capital Markets' interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated _____, 2021 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Co-Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

RBC CAPITAL MARKETS, LLC

By: _____
Managing Director

Dated: _____, 2021

EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE**]

EXHIBIT C

UNDERWRITER'S REPRESENTATIONS, COVENANTS AND AGREEMENTS AND CITY CONTRACTING REQUIREMENTS

Each underwriter shall comply with the following provisions of this Purchase Contract as if set forth in the text thereof. Capitalized terms used but not defined in this exhibit shall have the meanings given in the Purchase Contract.

1. Nondiscrimination; Penalties.

(a) *Non Discrimination in Contracts.* Each Underwriter shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Each Underwriter shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)- (k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. Each Underwriter is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2.* Each Underwriter does not as of the date of this Purchase Contract, and will not during the term of this Purchase Contract, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

(c) *Condition to Contract.* As a condition to the Purchase Contract, each Underwriter shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Purchase Contract. By entering into this Purchase Contract, each Underwriter confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

3. Tropical Hardwood and Virgin Redwood Ban. Under San Francisco Environment Code Section 804(b), the City urges each Underwriter not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require each Underwriter to remove from, City facilities personnel of such Underwriter who the City has reasonable grounds to believe has engaged in alcohol

abuse or illegal drug activity which in any way impairs the City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. Each Underwriter shall provide the services specified in the Purchase Contract in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. Each Underwriter acknowledges that this Purchase Contract and all records related to its formation, such Underwriter's performance of services provided under the Purchase Contract, and the City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Purchase Contract, each Underwriter acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (1) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (2) a candidate for that City elective office, or (3) a committee controlled by such elected official or a candidate for that office, at any time from the submission or a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of each Underwriter's board of directors; each Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10 percent in such Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Underwriter. Each Underwriter certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for such contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Requiring Minimum Compensation for Covered Employees. Each Underwriter shall pay covered employees no less than the minimum compensation

required by San Francisco Administrative Code Chapter 12P. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12P. By entering into this Purchase Contract, each Underwriter certifies that it is in compliance with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. Each Underwriter shall comply with San Francisco Administrative Code Chapter 12Q. Each Underwriter shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12Q.

10. Prohibition on Political Activity with City Funds. In performing the services provided under the Purchase Contract, each Underwriter shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Purchase Contract from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Purchase Contract requires the City to disclose "Private Information" to an Underwriter within the meaning of San Francisco Administrative Code Chapter 12M, each Underwriter shall use such information consistent with the restrictions stated in Chapter 12M and in this Purchase Contract and only as necessary in performing the services provided under the Purchase Contract. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under the Purchase Contract, each Underwriter may have access to the City's proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to an Underwriter, such information must be held by such Underwriter in confidence and used only in performing the Purchase Contract. Each Underwriter shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. Each Underwriter agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Purchase Contract. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of the Underwriters' obligations under Chapter 12T is set forth in this Section. Each Underwriter is required to comply with all of the applicable provisions of Chapter 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Purchase Contract shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to an Underwriter's operations to the extent those operations are in furtherance of the performance of this Purchase Contract, shall apply only to applicants and employees who would be or are performing work in furtherance of this Purchase Contract, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code §§ 21.35, including the enforcement and penalty provisions, is incorporated into this Purchase Contract. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

14. Conflict of Interest. By entering into the Purchase Contract, each Underwriter certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Purchase Contract.

15. Assignment. The services provided under the Purchase Contract to be performed by each Underwriter are personal in character and neither this Purchase Contract nor any duties or obligations may be assigned or delegated by an Underwriter unless first approved by the City by written instrument executed and approved in the same manner as this Purchase Contract. Any purported assignment made in violation of this provision shall be null and void.

16. Food Service Waste Reduction Requirements. Each Underwriter shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Cooperative Drafting. This Purchase Contract has been drafted through a cooperative effort of the City and the Underwriters, and all parties have had an opportunity to have the Purchase Contract reviewed and revised by legal counsel. No party shall be considered the drafter of this Purchase Contract, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Purchase Contract.

18. Sugar-Sweetened Beverage Prohibition. Each Underwriter agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Purchase Contract.

19. First Source Hiring Program. Each Underwriter must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Purchase Contract, and each Underwriter is subject to the enforcement and penalty provisions in Chapter 83.

20. Laws Incorporated by Reference. The full text of the laws listed in this Exhibit C, including enforcement and penalty provisions, are incorporated into this Purchase Contract by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Exhibit C are available at www.sfgov.org under "Open Gov."

21. Prevailing Wages. Services to be performed by the Underwriter under this Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) of the Administrative Code or Section 21C (collectively, "Covered Services"). The provisions of Section 6.22(e) and 21C of the Administrative Code are incorporated as provisions of this Agreement as if fully set forth herein and will apply to any Covered Services performed by each Underwriter.

EXHIBIT D

FORM OF CERTIFICATE OF THE AGENCY

The undersigned _____, _____ and _____, respectively, of the San Francisco Municipal Transportation Agency (the "Agency"), acting in their official capacities, hereby certify as follows in connection with the issuance of \$_____ aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021 [insert Series] (the "Bonds"):

1. The persons named below are now, and at all times from and after _____ 1, 2021, have been duly appointed and qualified officers of the Agency holding the offices of the Agency set forth opposite their respective names, and each of the undersigned certifies that the signature affixed following the other of the undersigned's name and office is the genuine signature of such person.

2. The representations of the Agency contained in the Bond Purchase Contract, dated _____, 2021 (the "Purchase Contract"), between [Representative], acting on its behalf and on behalf of [Underwriter[s]], as the underwriters of the Bonds, and the Agency, are true, complete and correct as of the date hereof as if made on the date hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands.

Dated: _____, 2021.

Name

Office

Signature

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

\$ _____
Refunding Revenue Bonds,
Series 2021 A (Federally Taxable)

\$ _____
Refunding Revenue Bonds,
Series 2021 B (Tax-Exempt)

\$ _____
Revenue Bonds, Series 2021 C
Series 2021 C (Tax-Exempt)

February __, 2021

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the San Francisco Municipal Transportation Agency (the “SFMTA”) pursuant to Section 8A.102(b)(13) of the Charter, an Indenture of Trust, dated as of July 1, 2012 (as amended, the “Master Indenture”), between the SFMTA and U.S. Bank National Association (the “Trustee”), as successor in interest to The Bank of New York Mellon Trust Company, N.A., as trustee, a Fifth Supplement to Indenture of Trust, dated as of February 1, 2021, between the SFMTA and the Trustee (the “Fifth Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), Ordinance No. [_____] of the Board of Supervisors adopted on [_____] , 2021, Resolution No. [_____] of the Board of Supervisors adopted on [_____] , 2021 and signed by the Mayor on [_____] , 2021, and Resolution No. [_____] of the Board of Directors of the SFMTA (the “Board”) adopted on [December 15, 2020], in connection with the issuance of the above-captioned bonds (collectively, the “Bonds”). The SFMTA covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the SFMTA for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the SFMTA pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Beneficial Owner**” shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Dissemination Agent**” shall mean the SFMTA, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the SFMTA and which has filed with the SFMTA a written acceptance of such designation.

“**Financial Obligation**” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“**Holder**” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“**Participating Underwriters**” shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The SFMTA shall, or shall cause the Dissemination Agent to, not later than March 30 after the end of the SFMTA’s Fiscal Year (which is June 30), commencing with the report for Fiscal Year 2020-21 (which is due not later than March 30, 2022), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the SFMTA, the SFMTA shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that if the audited financial statements of the SFMTA are not available by the date required above for the filing of the Annual Report, the SFMTA shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the SFMTA’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) If the SFMTA is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the SFMTA shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the SFMTA), file a report with the SFMTA certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The SFMTA’s Annual Report shall contain or incorporate by reference the following information:

(a) the audited general purpose financial statements of the SFMTA prepared in accordance with generally accepted accounting principles applicable to governmental entities;

(b) an update of the information contained in the following tables in the Official Statement, dated _____, 2021:

1. TABLE 2 – HISTORIC FIXED ROUTE RIDERSHIP BY MODE;
2. TABLE 6 – SFMTA HISTORICAL OPERATING REVENUES AND EXPENSES;
3. TABLE 7 – PLEDGED REVENUES;
4. TABLE 9 – FARE REVENUE, RIDERSHIP AND AVERAGE FARES PER PASSENGER; and
5. TABLE 17 – SFMTA OPEB ALLOCATIONS AND CONTRIBUTIONS.

In addition, if the City and County of San Francisco is no longer obligated, pursuant to a continuing disclosure undertaking, to file its audited financial statements with the MSRB, the annual report shall indicate where City and County of San Francisco audited financial statements are available.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the SFMTA or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The SFMTA shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The SFMTA shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Holders, if material;
8. Unscheduled or contingent Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
14. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
15. Incurrence of a Financial Obligation of the SFMTA, if material, or a agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the SFMTA, any of which affect Holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The SFMTA shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(c) Upon the occurrence of a Listed Event described in Section 5(a), including the occurrence of a Listed Event described in Sections 5(a)(2), (3) (4), (6), (7), (8), (10), (13), (14), (15) or (16) which the SFMTA determines would be material under applicable federal securities laws or reflects financial difficulties, the SFMTA shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(d) The SFMTA intends to comply with the Listed Events described in Section 5(a)(15) and (16), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The SFMTA’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The SFMTA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the SFMTA may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney of the City and County of San Francisco (the “City Attorney”) or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the SFMTA shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on

the presentation) of financial information or operating data being presented by the SFMTA. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the SFMTA from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the SFMTA chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the SFMTA shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the SFMTA to comply with any provision of this Disclosure Certificate, any Participating Underwriters, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the SFMTA to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or State court located in the City and County of San Francisco, State of California. The sole remedy under this Disclosure Certificate in the event of any failure of the SFMTA to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the SFMTA, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of the date first set forth above.

SAN FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By: _____
Director of Transportation

Approved as to Form:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT A

**FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: San Francisco Municipal Transportation Agency

Name of Issue: San Francisco Municipal Transportation Agency, Refunding Revenue Bonds, Series 2021A (Federally Taxable), San Francisco Municipal Transportation Agency, Refunding Revenue Bonds, Series 2021B (Tax-Exempt), and San Francisco Municipal Transportation Agency, Revenue Bonds, Series 2021C (Tax-Exempt)

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the SFMTA has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the San Francisco Municipal Transportation Agency, dated the Date of Issuance. The SFMTA anticipates that the Annual Report will be filed by _____.

Dated: _____

SAN FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By: _____ [to be signed only if filed]
Title: _____

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

\$ _____
Refunding Revenue Bonds,
Series 2021 A (Federally Taxable)

\$ _____
Refunding Revenue Bonds,
Series 2021 B (Tax-Exempt)

\$ _____
Revenue Bonds, Series 2021 C
Series 2021 C (Tax-Exempt)

February __, 2021

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the San Francisco Municipal Transportation Agency (the “SFMTA”) pursuant to Section 8A.102(b)(13) of the Charter, an Indenture of Trust, dated as of July 1, 2012 (as amended, the “Master Indenture”), between the SFMTA and U.S. Bank National Association (the “Trustee”), as successor in interest to The Bank of New York Mellon Trust Company, N.A., as trustee, a Fifth Supplement to Indenture of Trust, dated as of February 1, 2021, between the SFMTA and the Trustee (the “Fifth Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), Ordinance No. 57-12 of the Board of Supervisors adopted on April 19, 2012, Resolution No. [_____] of the Board of Supervisors adopted on [____], 2021 and signed by the Mayor on [____], 2021, and Resolution No. [_____] of the Board of Directors of the SFMTA (the “Board”) adopted on [December 15, 2020], in connection with the issuance of the above-captioned bonds (collectively, the “Bonds”). The SFMTA covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the SFMTA for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to a any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the SFMTA pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Beneficial Owner**” shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Dissemination Agent**” shall mean the SFMTA, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the SFMTA and which has filed with the SFMTA a written acceptance of such designation.

“**Financial Obligation**” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“**Holder**” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“**Participating Underwriters**” shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The SFMTA shall, or shall cause the Dissemination Agent to, not later than March 30 after the end of the SFMTA’s Fiscal Year (which is June 30), commencing with the report for Fiscal Year 2020-21 (which is due not later than March 30, 2022), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the SFMTA, the SFMTA shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that if the audited financial statements of the SFMTA are not available by the date required above for the filing of the Annual Report, the SFMTA shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the SFMTA’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) If the SFMTA is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the SFMTA shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the SFMTA), file a report with the SFMTA certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The SFMTA’s Annual Report shall contain or incorporate by reference the following information:

(a) the audited general purpose financial statements of the SFMTA prepared in accordance with generally accepted accounting principles applicable to governmental entities;

(b) an update of the information contained in the following tables in the Official Statement, dated _____, 2021:

1. TABLE 2 – HISTORIC FIXED ROUTE RIDERSHIP BY MODE;
2. TABLE 6 – SFMTA HISTORICAL OPERATING REVENUES AND EXPENSES;
3. TABLE 7 – PLEDGED REVENUES;
4. TABLE 9 – FARE REVENUE, RIDERSHIP AND AVERAGE FARES PER PASSENGER; and
5. TABLE 17 – SFMTA OPEB ALLOCATIONS AND CONTRIBUTIONS.

In addition, if the City and County of San Francisco (the “City”) is no longer obligated, pursuant to a continuing disclosure undertaking, to file its audited financial statements with the MSRB, the annual report shall indicate where the City’s audited financial statements are available.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the SFMTA or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The SFMTA shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The SFMTA shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Holders, if material;
8. Unscheduled or contingent Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the SFMTA and/or the City;
13. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
14. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the SFMTA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
15. Incurrence of a Financial Obligation of the SFMTA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the SFMTA, any of which affect Holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the SFMTA, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The SFMTA shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(c) Upon the occurrence of a Listed Event described in Section 5(a), the SFMTA shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(d) The SFMTA intends to comply with the Listed Events described in Section 5(a)(15) and (16), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The SFMTA’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The SFMTA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the SFMTA may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney of the City and County of San Francisco (the “City Attorney”) or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the SFMTA shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the SFMTA. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the SFMTA from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the SFMTA chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the SFMTA shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the SFMTA to comply with any provision of this Disclosure Certificate, any Participating Underwriters, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the SFMTA to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or State court located in the City and County of San Francisco, State of California. The sole remedy under this Disclosure Certificate in the event of any failure of the SFMTA to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the SFMTA, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of the date first set forth above.

SAN FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By: _____
Director of Transportation

Approved as to Form:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT A

**FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: San Francisco Municipal Transportation Agency

Name of Issue: San Francisco Municipal Transportation Agency, Refunding Revenue Bonds, Series 2021A (Federally Taxable), San Francisco Municipal Transportation Agency, Refunding Revenue Bonds, Series 2021B (Tax-Exempt), and San Francisco Municipal Transportation Agency, Revenue Bonds, Series 2021C (Tax-Exempt)

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the SFMTA has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the San Francisco Municipal Transportation Agency, dated the Date of Issuance. The SFMTA anticipates that the Annual Report will be filed by _____.

Dated: _____

SAN FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By: _____ [to be signed only if filed]
Title: _____

ESCROW AGREEMENT

by and between

SAN FRANCISCO METROPOLITAN TRANSPORTATION AGENCY

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of

_____ 1, 2021

relating to the

San Francisco Municipal Transportation Agency Revenue Bonds
Series 2012A and 2012B
Series 2013
Series 2014

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ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____ 1, 2021, is entered into by and between the San Francisco Municipal Transportation Agency (the “Agency”), an agency of the City and County of San Francisco (the “City”) duly constituted and established under Article VIII A of the Charter of the City, and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee and as escrow bank (the “Escrow Agent”).

WITNESSETH:

WHEREAS, the Escrow Agent, as trustee (the “Trustee”), and the Agency are parties to the Indenture of Trust dated as of July 1, 2012, as previously supplemented (the “Indenture”);

WHEREAS, the Agency has heretofore issued \$37,960,000 aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) and \$25,835,000 aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012B (the “Series 2012B Bonds,” and, collectively with the Series 2012A Bonds, the “Series 2012 Bonds”) pursuant to the First Supplement to Indenture of Trust dated as of July 1, 2012 (the “First Supplement _____ Supplement”), between the Agency and the Trustee, of which \$_____ and \$_____, respectively, aggregate principal amount are currently Outstanding under the Indenture;

WHEREAS, the Agency has heretofore issued \$75,440,000 aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013 (the “Series 2013 Bonds”) pursuant to the Second Supplement to Indenture of Trust dated as of December 1, 2013 (the “Second Supplement”), between the Agency and the Trustee, of which \$_____, aggregate principal amount is currently Outstanding under the Indenture;

WHEREAS, the Agency has heretofore issued \$70,605,000 aggregate principal amount of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2014 (the “Series 2014 Bonds” and, together with the Series 2012 Bonds and the Series 2013 Bonds, the “Prior Bonds”) pursuant to the Second Supplement to Indenture of Trust dated as of December 1, 2014 (the “Third Supplement”), between the Agency and the Trustee, of which \$_____, aggregate principal amount is currently Outstanding under the Indenture;

WHEREAS, the Prior Bonds were issued to finance capital projects of the Agency and are secured by Pledged Revenues and other amounts pledged under the Indenture;

WHEREAS, Article X of the Indenture provides that any Bonds Outstanding may be discharged or defeased as provided therein;

WHEREAS, the Agency now intends to [redeem and] defease the Prior Bonds identified in Schedule I hereto (the “Refunded Bonds”) pursuant to the First Supplement, the Second Supplement, the Third Supplement, as applicable and Section 10.02 of the Indenture;

WHEREAS, in order to provide the funds necessary for such redemption and defeasance, the Agency has issued its San Francisco Municipal Transportation Agency Refunding Revenue Bonds, Series 2021A and Series 2021B (the “Refunding Bonds”), pursuant to the Indenture and the Fifth Supplement to Indenture of Trust dated as of ____ 1, 2021, (the “Fifth Supplement”), by and between the Agency and the Trustee; and

WHEREAS, a portion of the proceeds of the Refunding Bonds and certain other moneys will be deposited in the Escrow Fund created hereunder to finance the defeasance and refunding of the Refunded Bonds, and such proceeds and certain other moneys shall be in such amount and shall be invested so as to insure the full and timely payment of the Refunding Requirements (as hereinafter defined);

NOW, THEREFORE, in consideration of the mutual agreements herein contained, in order to secure the payment of the Refunding Requirements as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

Section 1. Definitions.

As used in this Escrow Agreement the following terms have the following meanings:

“Agency” means the San Francisco Municipal Transportation Agency.

“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder.

“Eligible Securities” means moneys, noncallable Governmental Obligations, noncallable Government Certificates or prerefunded municipal obligations described in paragraph (c) of the definition of Permitted Investments in Section 1.01 of the Indenture, or any combination thereof.

“Escrow Agent” means U.S. Bank National Association, or any successor thereto appointed under this Escrow Agreement.

“Escrow Fund” means the fund by that name created pursuant to Section 2 hereof.

“Escrowed Securities” means those certain Eligible Securities listed in Exhibit C to this Escrow Agreement.

“Fifth Supplement” means the Fifth Supplement to Indenture of Trust dated as of ____ 1, 2021, by and between the Agency and the Trustee.

“First Supplement” means the First Supplement to Indenture of Trust dated as of July 1, 2012, by and between the Agency and the Trustee, pursuant to which the Series 2012 Bonds were issued.

“Indenture” means the Indenture of Trust dated as of July 1, 2012, by and between the Agency and the Trustee.

“Independent Certified Public Accountant” an independent certified public accountant acceptable to the Trustee, as provided in the Indenture.

“Prior Bonds” means, collectively, the Series 2012 Bonds, the Series 2013 Bonds and the Series 2014 Bonds.

“Rating Agency” means, collectively, S&P Global Ratings and Moody’s Investors Service.

“Refunded Bonds” means the \$_____ aggregate principal amount of the outstanding Prior Bonds described in Schedule I hereto.

“Refunding Bonds” means the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021__ issued pursuant to the Indenture and the Fifth Supplement.

“Refunding Requirements” means all payments of principal and interest on the Refunded Bonds, to and including the redemption date of the Refunded Bonds, as such payments become due, as shown in Exhibit B to this Escrow Agreement.

“Second Supplement” means the Second Supplement to Indenture of Trust dated as of December 1, 2013, by and between the Agency and the Trustee, pursuant to which the Series 2013 Bonds were issued.

“State” means the State of California.

“Third Supplement” means the Third Supplement to Indenture of Trust dated as of December 1, 2014, by and between the Agency and the Trustee, pursuant to which the Series 2014 Bonds were issued

“Trustee” means U.S. Bank National Association, as successor trustee under the Indenture to The Bank of New York Mellon Trust Company, N.A., as trustee

All other capitalized terms used but not defined herein shall have the respective meanings given to such terms in the Indenture.

Section 2. Creation and Purpose of Escrow.

A. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated as the “San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012, Series 2013 and Series 2014 Escrow Fund” (the “Escrow Fund”).

B. On the date of issuance of the Refunding Bonds to the initial purchasers thereof, the Trustee, pursuant to the Indenture, will deposit with the Escrow Agent in escrow, to be held and accounted for in the Escrow Fund and paid out as provided in this Escrow

Agreement and in the Indenture, the amounts set forth in Exhibit A hereto. Such moneys shall be sufficient for the purchase of the Escrow Securities and shall be used by the Escrow Agent to purchase the Escrow Securities on such date and to fund the initial cash deposit to the Escrow Fund as set forth in Exhibit C hereto. The principal of and interest on the Escrow Securities and any uninvested cash held hereunder shall be applied by the Escrow Agent to the payment of the Refunding Requirements.

C. The Escrow Agent further agrees, except as provided in Sections 4 and 5 hereof, to hold the Escrowed Securities and the money (whether constituting the initial deposit in the Escrow Fund or investment income on the Escrowed Securities) in the Escrow Fund at all times as special trust funds separate and wholly segregated from all other securities, investments or money held by it and shall hold the Escrow Fund in trust for the purposes described herein. All securities and money in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Sections 4 and 5 hereof, to secure the payment of the Refunded Bonds, as provided herein; provided, that any money held in an Escrow Fund that is not used for the payment of the Refunded Bonds shall be repaid to the Agency free from the trust created by this Escrow Agreement.

D. The funds held in the Escrow Fund shall not be subject to withdrawal other than to satisfy the Refunding Requirements.

E. The Agency has determined, as verified by the report of [Verification Agent], dated [Report Date] (the “Verification Report”), that the Escrowed Securities are such that, if interest thereon and principal thereof are paid when due, the proceeds from the collection of such interest and principal, together with any uninvested cash held hereunder, will be sufficient to meet the Refunding Requirements.

F. The Escrow Agent shall hold all Escrowed Securities, whether acquired as initial investments, subsequent investments or reinvestments hereunder, and the money received from time to time as principal and interest thereon, in trust, for the payment of the Refunding Requirements and shall collect the principal of and interest on the Escrowed Securities held by it hereunder promptly as such principal and interest become due.

G. The Agency intends that the Refunded Bonds be defeased as set forth in Section 10.02 of the Indenture.

Section 3. Notice and Request from the Agency; Receipt of Opinions; Irrevocable Instructions to Mail Notices.

A. The Escrow Agent, as Trustee, is hereby irrevocably instructed to mail, as soon as practicable, one or more notices of the defeasance of the Refunded Bonds in the form attached hereto as Exhibit D, and to provide such notice to the Agency for filing on the Electronic Municipal Market Access (“EMMA”) System of the Municipal Securities Rulemaking Board, in compliance with the Agency’s continuing disclosure requirements.

B. The Escrow Agent, as Trustee, is hereby further irrevocably instructed to give notice of the redemption of the Refunded Bonds subject to redemption on the redemption dates at the redemption prices thereof at the time and in the manner provided in Section

3.03 of the Indenture, and to provide such notice to the Agency for filing on EMMA in compliance with the Agency's continuing disclosure requirements.

C. The Escrow Agent will not be responsible for determining the accuracy of any information supplied to it by any person pursuant to the procedures outlined herein.

Section 4. Accounting for Escrow; Substitutions.

A. The moneys and the Escrowed Securities from time to time accounted for in the Escrow Fund shall not be subject to withdrawal by the Agency nor otherwise subject to its order except as otherwise provided in Sections 2 and 8 hereof.

B. The Agency may from time to time direct the Escrow Agent to sell, exchange or substitute Escrowed Securities; provided that there shall be no sale, exchange or substitution of the Escrowed Securities, unless the following are received: (i) the written direction of the Agency, (ii) receipt by the Agency and the Escrow Agent of a new verification report, prepared by an Independent Certified Public Accountant, verifying the sufficiency of the escrow to pay all current interest when due on the outstanding Refunded Bonds in full to and including their respective redemption dates or maturity dates and to pay when due all principal on the Refunded Bonds in full on their respective redemption dates or maturity dates (taking into account the cancellation of Refunded Bonds purchased by the Agency for cancellation, including Refunded Bonds placed in escrow with the Trustee for purchase from the proceeds of the sale of Escrowed Securities), and (iii) receipt of an opinion of nationally recognized bond counsel addressed to the Agency and the Trustee that such investment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds and that the Refunded Bonds are not "Outstanding" under the Indenture.

Section 5. Investments and Reinvestments.

The Escrow Agent shall have no other obligation by virtue of this Escrow Agreement, general trust law or otherwise, to make any investment or reinvestment of any moneys in escrow at any time except as expressly directed by the Agency and upon receipt, but only in case of such Agency direction, of (i) the written direction of the Agency, (ii) receipt by the Agency and the Escrow Agent of a new verification report, prepared by an Independent Certified Public Accountant, verifying the sufficiency of the escrow to pay all current interest when due on the outstanding Refunded Bonds in full to and including their respective redemption dates or maturity dates and to pay when due all principal on the Refunded Bonds in full on their respective redemption dates or maturity dates (taking into account the cancellation of Refunded Bonds purchased by the Agency for cancellation, including Refunded Bonds placed in escrow with the Trustee for purchase from the proceeds of the sale of Escrowed Securities), and (iii) receipt of an opinion of nationally recognized bond counsel that such investment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds.

Section 6. Sufficiency of Escrow.

Moneys deposited in the Escrow Fund, including the investment earnings thereon and any uninvested cash, shall be in an amount, as determined by the Agency, which at all times shall be sufficient to meet the Refunding Requirements not theretofore met.

Section 7. Transfers for Payment of Refunded Bonds.

The Escrow Agent shall from time to time, to the extent of moneys in the Escrow Fund, pay the Refunding Requirements when due, as provided herein and in the Indenture.

Section 8. Termination of Escrow Agreement; Written Request of Agency.

When the Escrow Agent shall have transferred, pursuant to Section 7 hereof, such moneys as are required to pay in full and discharge all of the Refunded Bonds, the Escrow Agent, after payment of all fees and expenses of the Escrow Agent, shall pay over to the Agency or its order the moneys, if any, then remaining in the Escrow Fund and this Escrow Agreement shall terminate. The Trustee shall pay to the Agency any and all unclaimed moneys subject to the provisions of Section 10.03 of the Indenture and this shall constitute the Written Request of the Agency for such purpose.

Section 9. Fees and Costs.

A. The Escrow Agent's fees, expenses and reimbursement for costs incurred for and in carrying out the provisions of this Escrow Agreement have been fixed by separate agreement. The Escrow Agent shall also be entitled to additional fees, expenses and reimbursement for costs incurred, including but not limited to, legal and accounting services in connection with any litigation or other proceedings which may at any time be instituted involving this Escrow Agreement not due to the negligence or willful misconduct of the Escrow Agent. Under no circumstances shall any fees, expenses or reimbursement of costs of the Escrow Agent or any other party (including without limitation, the cost of any required Verification Report) be paid out of amounts held in the Escrow Fund.

B. Payments to the Escrow Agent pursuant to this Section 9 shall not be for deposit in the Escrow Fund, and the fees of and the costs incurred by the Escrow Agent shall not be a charge on and in no event shall be deducted from the Escrow Fund.

Section 10. Character of Deposit.

A. It is recognized that title to the Escrowed Securities and moneys accounted for in the Escrow Fund from time to time shall be subject always to the prior trust, charge and lien thereon of this Escrow Agreement in favor of the owners of the Refunded Bonds and the use thereof shall be required to be made by the provisions hereof.

B. The Escrow Agent shall hold all such securities and moneys in the Escrow Fund as special trust funds separate and wholly segregated from all other securities and funds of the Escrow Agent, and shall never commingle such securities or moneys with other securities or moneys.

C. No money paid into and accounted for in the Escrow Fund shall ever be considered as a banking deposit and the Escrow Agent shall have no right or title with respect thereto except in its capacity as Escrow Agent hereunder.

Section 11. Exculpatory Provisions.

A. The duties and responsibilities of the Escrow Agent are limited to those expressly and specifically stated in this Escrow Agreement.

B. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Escrow Agreement and made in compliance with the provisions hereof. The Escrow Agent shall not be liable or responsible for the accuracy of any calculations or the sufficiency of any Escrowed Securities, the Escrow Fund or any moneys held by it to meet the Refunding Requirements.

C. No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent failure to act or its own willful misconduct.

D. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Agency of any of its obligations, nor shall it be responsible in any manner for the recitals or statements contained herein or in the Refunded Bonds or any proceedings taken in connection therewith, such recitals and statements being made solely by the Agency. The Escrow Agent may conclusively rely on any opinion, written request, certificate, written direction or report, including that of the Agency, any certified public accountant, municipal advisor or investment bank delivered to it and received in good faith in connection with the transactions contemplated hereby.

E. Nothing in this agreement shall be construed to create any obligations or liabilities on the part of the Escrow Agent to anyone other than the Agency or the holders of the Refunded Bonds.

F. The Escrow Agent may at any time resign by giving thirty (30) days written notice to the Agency of such resignation. The Agency shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the Agency does not appoint a successor within thirty (30) days of the Escrow Agent's giving notice of resignation, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the Agency may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the Agency appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Agency shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

G. The Agency, to the extent permitted by law, agrees to indemnify the Escrow Agent, its agents, directors and its officers or employees for and hold the Escrow Agent, its agents, officers, directors or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and

disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent at any time by reason of the performance of its duties as Escrow Agent hereunder, in any transaction arising out of this Escrow Agreement, or the Indenture or any of the transactions contemplated herein or in the Indenture, unless due to the Escrow Agent's or its officers' or agents' or directors' or employees' negligence or willful misconduct. Such indemnity shall survive the termination of this Escrow Agreement or the removal or resignation of the Escrow Agent.

H. The Escrow Agent may consult with counsel, who may be counsel of or to the Agency, with regard to legal questions and the opinion of such counsel shall be full and complete authorization in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

I. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

J. The Escrow Agent's rights to indemnification hereunder shall survive its resignation or removal and the termination of this Escrow Agreement.

K. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

L. The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special indirect or consequential damages.

M. The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means; provided, however, that the Agency shall provide to the Escrow Agent an incumbency certificate listing officers with the Agency to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Escrow Agent may not be able to determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Agency and all Authorized Officers are solely responsible to safeguard

the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

N. If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Securities that is to be submitted pursuant to this Escrow Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the Agency with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Agency. In the absence of investment instructions from the Agency, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Agency's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

O. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

P. The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

Section 12. Time of Essence.

Time shall be of the essence in the performance of the obligations from time to time imposed upon the Escrow Agent by this Escrow Agreement.

Section 13. Amendments.

This Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the Agency and the Escrow Agent (i) a written opinion of nationally recognized bond counsel stating that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Refunded Bonds, as evidenced by a written opinion of nationally recognized bond counsel, the written consent of all the owners of the Refunded Bonds then outstanding.

Section 14. Successors.

A. Whenever herein the Agency or the Escrow Agent is named or is referred to, such provision shall be deemed to include any successor of the Agency or the Escrow Agent, respectively, immediate or intermediate, whether so expressed or not.

B. All of the stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Agency or the Escrow Agent contained herein:

1) Shall bind and inure to the benefit of any such successor; and

2) Shall bind and shall inure to the benefit of any officer, board, Agency, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Agency or the Escrow Agent, respectively, or of its successor.

Section 15. Notices.

All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail to the following addresses or to such other address as the recipient thereof shall request in writing to the other party hereto:

If to the Agency: San Francisco Metropolitan Transportation Agency
1 South Van Ness, 7th Floor
San Francisco, California 94103
Attention: Leo Levenson, Director of Finance
Telephone: (415) 646-2355

If to the Escrow Agent: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Andrew Fung, Corporate Trust Services
Telephone: (415) 677-3593

Section 16. Severability.

If any section, paragraph, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section,

paragraph, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 17. [City Contracting Requirements. Are these needed in this Agreement?]

Section 18. Law Governing.

This Escrow Agreement is made in the State of California and is to be construed under the Constitution and laws of such State.

Section 19. Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the San Francisco Metropolitan Transportation Agency has caused this Escrow Agreement to be signed in its name by its duly authorized officer, and U.S. Bank National Association has caused this Escrow Agreement to be signed in its name by its duly authorized officer, all as of the day and year first above written.

SAN FRANCISCO METROPOLITAN
TRANSPORTATION AGENCY

By: _____
Leo Levenson
CFO/Director of Finance

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent

By: _____
Authorized Officer

SCHEDULE I
REFUNDED BONDS

[To Come]

EXHIBIT A

SUMMARY OF ESCROW DEPOSITS

1. \$_____ from proceeds of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021A (Federally Taxable)
2. \$_____ from proceeds of San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021B (Tax-Exempt)

EXHIBIT B

REFUNDING REQUIREMENTS

[To Come]

EXHIBIT C

ESCROWED SECURITIES

[To Come]

EXHIBIT D

FORM OF NOTICE OF DEFEASANCE

San Francisco Municipal Transportation Agency Revenue Bonds, Series 20__

Maturity (____ 1)	Principal Amount	Interest Rate	CUSIP ¹ (____)
----------------------	------------------	---------------	------------------------------

NOTICE IS HEREBY GIVEN that the San Francisco Municipal Transportation Agency (the “Agency”) has on [Closing Date], from the proceeds of its bonds and other moneys, irrevocably set aside in an Escrow Fund created for such purpose and held by U.S. Bank National Association (the “Escrow Agent”), moneys which the Agency has determined, when added to the investment earnings therefrom, shall be sufficient to pay the principal of and interest on the outstanding bonds referenced above (the “Bonds”), as such payments become due up to and including the date of ____ 1, 20__ and to pay on ____ 1, 20__ (the “Redemption Date”) the redemption price at par of Bonds maturing after such date.

The moneys so deposited in escrow (including the earnings derived from the investment thereof) are irrevocably pledged to the payment of principal and interest on the Bonds. Said moneys have been invested in certain federal securities pursuant to the Indenture of Trust, dated as of July 1, 2012, as supplemented (the “Indenture”), by and between the Agency and U.S. Bank National Association, as successor trustee, and which bear interest and mature on such dates as to insure the payment of the principal and interest on the Bonds as such becomes due and to pay on the Redemption Date the redemption price of Bonds maturing after such date.

As a consequence of the foregoing actions and in accordance with the Indenture providing for the Bonds, each of the agreements, covenants and other obligations of the Agency under the Indenture have ceased, terminated and become void, and are discharged and satisfied. Additional information regarding the foregoing actions may be obtained from the Agency.

Dated: [Closing Date]

U.S. BANK NATIONAL ASSOCIATION, as
Trustee and Escrow Agent

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FIFTH SUPPLEMENT TO INDENTURE OF TRUST

by and between the

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of _____ 1, 2021

relating to

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
REFUNDING REVENUE BONDS,
SERIES 2021A (FEDERALLY TAXABLE)**

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
REFUNDING REVENUE BONDS,
SERIES 2021B (TAX-EXEMPT)**

and

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
REVENUE BONDS,
SERIES 2021C (TAX-EXEMPT)**

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FIFTH SUPPLEMENT TO INDENTURE OF TRUST

This FIRST SUPPLEMENT TO INDENTURE OF TRUST, dated as of _____ 1, 2021 (the "Fifth Supplemental Indenture"), by and between the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY (the "SFMTA"), duly constituted and established under Sections 8A.100 et seq. of the Charter of the City and County of San Francisco and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized under the laws of the United States of America, as successor trustee to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the SFMTA is an agency of the City and County of San Francisco (the "City") and is governed by its Board of Directors (the "SFMTA Board"); and

WHEREAS, under Sections 8A.100, 8A.101 and 8A.102 of the Charter of the City and County of San Francisco (the "Charter"), the SFMTA is charged with managing the City's transportation system (the "Transportation System"), which includes the Municipal Railway, the former Department of Parking and Traffic and other transportation functions;

WHEREAS, under Section 8A.102 of the Charter and Ordinance No. 57- 12 adopted by the Board of Supervisors of the City (the "City Board") on April 17, 2012 and signed by Mayor Edwin M. Lee on April 19, 2012, and codified as Chapter 43, Article XIII, Sections 43.13.1 through 43.13.8 of the San Francisco Administrative Code (the "Act"), the SFMTA has the authority to issue transportation revenue bonds for the purpose of acquiring, constructing, improving or developing facilities and equipment under its jurisdiction [(the "Project")] and transportation revenue refunding bonds under such terms and conditions as the SFMTA may authorize by resolution, with the concurrence of the City Board; and

WHEREAS, the SFMTA has entered into an Indenture of Trust, dated as of July 1, 2012 (the "Master Indenture"), by and between the SFMTA and the predecessor trustee to the Trustee, which provides for the security and issuance of one or more series of transportation revenue bonds (the "Bonds"); and

WHEREAS, the SFMTA entered into a First Supplement to Indenture of Trust dated as of July 1, 2012 ("First Supplemental Indenture") in order to provide for the terms of the \$37,960,000 Revenue Bonds, Series 2012A and the \$25,835,000 Revenue Bonds, Series 2012B (collectively, the "Series 2012 Bonds"); and

WHEREAS, the SFMTA entered into a Second Supplement to Indenture of Trust dated as of December 1, 2013 ("Second Supplemental Indenture") in order to provide for the terms of the \$75,440,000 Revenue Bonds, Series 2013 (the "Series 2013 Bonds"); and

WHEREAS, the SFMTA entered into a Third Supplement to Indenture of Trust dated as of December 1, 2014 ("Third Supplemental Indenture") in order to provide for the terms of the \$70,605,000 Revenue Bonds, Series 2014 (the "Series 2014 Bonds"); and

WHEREAS, the SFMTA entered into a Fourth Supplement to Indenture of Trust dated as of June 1, 2017 ("Fourth Supplemental Indenture") in order to provide for the terms of the \$117,830,000 Revenue Bonds, Series 2017 (the "Series 2017 Bonds"); and

WHEREAS, the SFMTA is entering into this Fifth Supplemental Indenture in order to provide for the terms of (a) a series of Bonds to be designated as "Refunding Revenue Bonds, Series 2021A (Federally Taxable)" (the "Series 2021A Bonds") and a series of Bonds to be designated as "Refunding Revenue Bonds, Series 2021B (Tax-Exempt)" (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Refunding Bonds") which will be issued under and in accordance with the Charter and the Act and pursuant to the terms and conditions set forth in the Master Indenture and herein for the purpose of refunding all or a portion of the Prior Obligations; and (b) a series of Bonds to be designated as "Revenue Bonds, Series 2021C (Tax-Exempt)" (the "Series 2021C Bonds" and, together with the Series 2021 Refunding Bonds, the Series 2021 Bonds") which will be issued under and in accordance with the Charter and the Act and pursuant to the terms and conditions set forth in the Master Indenture and herein for the purpose of financing the Series 2021C Projects .

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH that in order to secure the payment of the Principal Amount of, premium, if any, and the interest on the Series 2021 Bonds delivered under the Master Indenture and hereunder and to secure the performance of the terms, conditions, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and covenants herein contained and of the purchase and acceptance of the Series 2021 Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the SFMTA does hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Series 2021 Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The capitalized terms used in this Fifth Supplemental Indenture shall have the meanings assigned to such terms in the Master Indenture, unless otherwise defined below or elsewhere in this Fifth Supplemental Indenture or unless a different meaning clearly applies from the context in which such term is used herein:

"Closing Wire Instructions" shall mean the closing wire instructions prepared by Backstrom McCarley Berry & Co., LLC on behalf of the SFMTA.

"Depository" shall mean (a) initially, DTC, and (b) any other securities depository acting as Depository pursuant to Section 2.05 hereof.

"Depository System Participant" shall mean any participant in the Depository's book-entry system.

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"Escrow Agent" shall mean U.S. Bank National Association.

"First Supplemental Indenture" shall mean the First Supplement to Indenture of Trust, dated as of July 1, 2012, by and between the SFMTA and the Trustee.

"Fifth Supplemental Indenture" shall mean this Fifth Supplement to Indenture of Trust, dated as of _____ 1, 2021, by and between the SFMTA and the Trustee.

"Fourth Supplemental Indenture" shall mean the Fourth Supplement to Indenture of Trust, dated as of June 1, 2017, by and between the SFMTA and the Trustee.

"Master Indenture" shall mean the Indenture of Trust, dated as of July 1, 2012, by and between the SFMTA and the Trustee.

"Nominee" shall mean "CEDE & CO." or any successor nominee designated by the Depository pursuant to the terms of the Indenture.

"Prior Obligations" shall mean the Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds and the Series 2017 Bonds.

"Second Supplemental Indenture" shall mean the Second Supplement to Indenture of Trust, dated as of December 1, 2013, by and between the SFMTA and the Trustee.

"Series 2012 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A and the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012B.

"Series 2013 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013A.

"Series 2014 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2014.

"Series 2017 Bonds" shall mean the San Francisco Municipal Transportation Agency Revenue Bonds, Series 2017.

"Series 2021 Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed by an Authorized SFMTA Representative, dated the closing date of the Series 2021 Bonds, as originally executed and as each may be amended from time to time.

"Series 2021A Debt Service Account" means the account by that name within the Debt Service Fund created pursuant to Section 3.02 hereof.

"Series 2021B Debt Service Account" means the account by that name within the Debt Service Fund created pursuant to Section 3.02 hereof.

"Series 2021C Debt Service Account" means the account by that name within the Debt Service Fund created pursuant to Section 3.02 hereof.

"Series 2021 Delivery Costs Account" shall mean the account by that name established pursuant to Section 2.06(a) hereof.

"Series 2021 Interest Payment Date" shall mean March 1 and September 1 of each year, commencing September 1, 2021.

"Series 2021 Payment Date" means each Series 2021 Interest Payment Date and Series 2021 Principal Payment Date.

"Series 2021 Principal Payment Date" shall mean March 1 of each year, commencing March 1, 2022.

"Series 2021C Proceeds Account" shall mean that account by that name established pursuant to Section 2.06(c) hereof.

"Series 2021 Record Date" shall mean the close of business on the fifteenth day of the month preceding each Series 2021 Interest Payment Date, whether or not such fifteenth day is a Business Day.

["Series 2021 Reserve Account" shall mean the Series 2021 Reserve Account in the Reserve Fund established pursuant to Section 3.03 hereof.]

["Series 2021 Reserve Requirement" shall mean, as of any date of calculation, the least of (i) an amount equal to Maximum Annual Debt Service with respect to the Series 2021 Bonds, (ii) 125% of average annual debt service on the Series 2021 Bonds, or (iii) 10% of the Outstanding Principal Amount of Series 2021 Bonds. A future Series of Bonds may be designated in a Supplemental Indenture to benefit from and participate in the Series 2021 Reserve Account. In such event, the foregoing definition shall be applicable to such Series of Bonds but shall be revised in such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code.]

"Third Supplemental Indenture" shall mean the Third Supplement to Indenture of Trust, dated as of December 1, 2014, by and between the SFMTA and the Trustee.

ARTICLE II

TERMS OF SERIES 2021 BONDS

Section 2.01. Authorization and Purpose of Series 2021 Bonds. The SFMTA hereby authorizes the issuance of the Series 2021A Bonds and the Series 2021B Bonds for the purpose refunding all or a portion of the Prior Obligations and authorizes the issuance of the Series 2021C Bonds for the purpose of providing moneys [for Agency purposes]. The parties hereto hereby acknowledge and agree that the Series 2021 Bonds constitute "Bonds" as defined in the Master Indenture and that the Series 2021 Bonds are secured on a parity with the Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds, the

2017 Bonds remaining Outstanding and any additional Series of Bonds which may hereafter be issued under the Indenture.

Section 2.02. Terms of the Series 2021 Bonds.

(a) General. The Series 2021 Bonds authorized to be issued by the SFMTA under and subject to the terms of the Indenture and the Act shall be issued in [three] Series designated respectively as the "San Francisco Municipal Transportation Agency Refunding Revenue Bonds, Series 2021A (Federally Taxable)" (the "Series 2021A Bonds"), the "San Francisco Municipal Transportation Agency Refunding Revenue Bonds, Series 2021B (Tax-Exempt)" (the "Series 2021B Bonds"), and the "San Francisco Municipal Transportation Agency Revenue Bonds, Series 2021C (Tax-Exempt)" (the "Series 2021C Bonds"). The Series 2021A Bonds shall be issued in the aggregate principal amount of _____ Dollars (\$_____), the Series 2021B Bonds shall be issued in the aggregate principal amount of _____ Dollars (\$_____), and the Series 2021C Bonds shall be issued in the aggregate principal amount of _____ Dollars (\$_____). The Series 2021 Bonds shall be dated ____ __, 2021, shall bear interest at the rates set forth herein (calculated on the basis of a 360 day year comprised of twelve 30 day months), shall be issued as fully registered bonds in authorized denominations of \$5,000 or any integral multiple thereof, shall be numbered in such manner as the Trustee may deem appropriate so long as each Series 2021 Bond receives a distinctive number and shall mature, subject to the right of prior redemption in whole or in part, as described herein, and become payable in the amounts and on the dates as provided herein.

(b) Maturity Schedule of Series 2021A Bonds. The Series 2021A Bonds shall bear interest at the rates per annum, payable on each Series 2021 Interest Payment Date, and be payable as to principal on each Series 2021 Principal Payment Date in each of the years and in the amounts indicated as follows:

Series 2021A Bonds

<u>Year (March 1)</u>	<u>Principal</u>	<u>Interest Rate</u>
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%

(c) Maturity Schedule of Series 2021B Bonds. The Series 2021B Bonds shall bear interest at the rates per annum, payable on each Series 2021 Interest Payment

Date, and be payable as to principal on each Series 2021 Principal Payment Date in each of the years and in the amounts indicated as follows:

Series 2021B Bonds

<u>Year (March 1)</u>	<u>Principal</u>	<u>Interest Rate</u> %
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(d) Maturity Schedule of Series 2021C Bonds. The Series 2021C Bonds shall bear interest at the rates per annum, payable on each Series 2021 Interest Payment Date, and be payable as to principal on each Series 2021 Principal Payment Date in each of the years and in the amounts indicated as follows:

Series 2021C Bonds

<u>Year (March 1)</u>	<u>Principal</u>	<u>Interest Rate</u> %
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(e) Payment of Series 2021 Bonds. The Series 2021 Bonds shall bear interest from the Series 2021 Interest Payment Date immediately preceding the date of authentication thereof unless (i) the date of authentication thereof is prior to the first regular Series 2021 Record Date in which event from the dated date of such Series 2021 Bond, or (ii) the date of authentication thereof is a Series 2021 Interest Payment Date, in which event from that Series 2021 Interest Payment Date, or (iii) the date of authentication thereof is after a regular Series 2021 Record Date but before the following Series 2021 Interest Payment Date, in which event it shall bear interest from such Series 2021 Interest Payment Date.

Payment of interest on the Series 2021 Bonds which are not book-entry bonds shall be paid by check or draft mailed by the Trustee on the Series 2021 Interest Payment Date via first class mail to the Holders at their addresses shown on the registration books of the Trustee as of the close of business on the Series 2021 Record Date with respect to such Series 2021 Interest Payment Date; provided that payment of interest may be paid by federal wire transfer to an account in the United States designated by any Holder of Series 2021 Bonds in the aggregate principal amount of \$1,000,000 or more, upon provision of a written notice received by the Trustee prior to the applicable Series 2021 Record Date. Any such written notice shall remain in effect until terminated or changed by subsequent written notice of the Holder. The payment of interest and principal on book-entry bonds shall be made as provided in Section 2.07 hereof and the Representation Letter.

Interest shall be paid notwithstanding the cancellation of any Series 2021 Bonds upon any exchange or registration of transfer thereof subsequent to the Series 2021 Record Date and prior to such Series 2021 Interest Payment Date.

For Series 2021 Bonds that are not book-entry bonds, the Principal Amount of and redemption premiums, if any, on the Series 2021 Bonds and payments of interest due at maturity or earlier redemption of the Series 2021 Bonds, shall be payable upon the surrender thereof at the Corporate Trust Office of the Trustee. The Principal Amount of and redemption premiums, if any, and interest on the Series 2021 Bonds shall be paid in lawful money of the United States of America.

(f) Limitations on Transfer and Exchange of Series 2021 Bonds. The SFMTA and the Trustee shall not be required to issue, register the transfer of, or exchange (i) any Series 2021 Bond during the period beginning on the fifteenth day of the month preceding each Series 2021 Interest Payment Date and ending on such Series 2021 Interest Payment Date, during the fifteen (15) days preceding the selection of Series 2021 Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed, on any redemption date, or (ii) any Series 2021 Bond selected for redemption.

(g) Redemption of the Series 2021 Bonds.

(i) *Optional Redemption of Series 2021A Bonds.* The Series 2021A Bonds scheduled to mature on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2021A Bonds maturing on or after March 1, 20__ shall be subject to redemption at the option of the SFMTA, as a whole or in part among such maturities (and by lot within any one maturity) as designated by an Authorized SFMTA Representative prior to their respective maturity dates, on any date on or after March 1, 20__, from funds derived by the SFMTA from any legally available source, at a redemption price equal to 100% of the principal amount of the Series 2021A Bonds called for redemption, together with interest accrued thereon to the date of redemption.

If some but not all of the Series 2021A Bonds have been redeemed pursuant to this subsection 2.02(g), the total amount of all sinking account payments shall be reduced by the aggregate principal amount of Series 2021A Bonds so redeemed to be allocated

among such Sinking Account payments as determined by SFMTA (notice of which determination shall be given by SFMTA to the Trustee).

(ii) *Mandatory Sinking Fund Payments for Series 2021A Bonds.* The Series 2021A Bonds maturing on March 1, 20__ (the "Series 2021A 20__ Term Bonds") shall also be subject to mandatory redemption in part by lot prior to their maturity date, on March 1, commencing March 1, 20__ solely from money which has been deposited into the Series 2021 Principal Account in amounts and upon the dates hereby established for such Series 2021A 20__ Term Bonds, as follows:

Series 2021A 20__ Term Bonds Maturing on March 1, 20__

Year (March 1)

Mandatory Sinking Fund Payments

* Maturity.

(iii) *Optional Redemption of Series 2021B Bonds.* The Series 2021B Bonds scheduled to mature on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2021B Bonds maturing on or after March 1, 20__ shall be subject to redemption at the option of the SFMTA, as a whole or in part among such maturities (and by lot within any one maturity) as designated by an Authorized SFMTA Representative prior to their respective maturity dates, on any date on or after March 1, 20__, from funds derived by the SFMTA from any legally available source, at a redemption price equal to 100% of the principal amount of the Series 2021B Bonds called for redemption, together with interest accrued thereon to the date of redemption.

If some but not all of the Series 2021B Bonds have been redeemed pursuant to this subsection 2.02(g), the total amount of all sinking account payments shall be reduced by the aggregate principal amount of Series 2021B Bonds so redeemed to be allocated among such Sinking Account payments as determined by SFMTA (notice of which determination shall be given by SFMTA to the Trustee).

(iv) *Mandatory Sinking Fund Payments for Series 2021B Bonds.* The Series 2021B Bonds maturing on March 1, 20__ (the "Series 2021B 20__ Term Bonds") shall also be subject to mandatory redemption in part by lot prior to their maturity date, on March 1, commencing March 1, 20__ solely from money which has been deposited into the Series 2021 Principal Account in amounts and upon the dates hereby established for such Series 2021B 20__ Term Bonds, as follows:

Series 2021B 20__ Term Bonds Maturing on March 1, 20__

Year (March 1)

Mandatory Sinking Fund Payments

* Maturity.

(v) *Optional Redemption of Series 2021C Bonds.* The Series 2021C Bonds scheduled to mature on or before March 1, 20__ are not subject to optional redemption prior to maturity. The Series 2021C Bonds maturing on or after March 1, 20__ shall be subject to redemption at the option of the SFMTA, as a whole or in part among such maturities (and by lot within any one maturity) as designated by an Authorized SFMTA Representative prior to their respective maturity dates, on any date on or after March 1, 20__, from funds derived by the SFMTA from any legally available source, at a redemption price equal to 100% of the principal amount of the Series 2021C Bonds called for redemption, together with interest accrued thereon to the date of redemption.

If some but not all of the Series 2021C Bonds have been redeemed pursuant to this subsection 2.02(g), the total amount of all sinking account payments shall be reduced by the aggregate principal amount of Series 2021A Bonds so redeemed to be allocated among such Sinking Account payments as determined by SFMTA (notice of which determination shall be given by SFMTA to the Trustee).

(vi) *Mandatory Sinking Fund Payments for Series 2021C Bonds.* The Series 2021C Bonds maturing on March 1, 20__ (the "Series 2021C 20__ Term Bonds") shall also be subject to mandatory redemption in part by lot prior to their maturity date, on March 1, commencing March 1, 20__ solely from money which has been deposited into the Series 2021 Principal Account in amounts and upon the dates hereby established for such Series 2021C 20__ Term Bonds, as follows:

Series 2021C 20__ Term Bonds Maturing on March 1, 20__

Year (March 1)

Mandatory Sinking Fund Payments

* Maturity.

Section 2.03. Forms of Series 2021 Bonds. The Series 2021 Bonds and the forms of authentication and registration endorsement and the assignment to appear thereon

shall be substantially in the forms attached hereto as Exhibit A, with necessary or appropriate variations, omission and insertions as permitted or required by the Indenture.

Section 2.04. Application of Proceeds of Sale of the Series 2021A Bonds.

(a) Upon receipt of payment of the purchase price for the Series 2021A Bonds from the original purchasers thereof in the amount of \$_____ (representing \$_____ principal amount, plus net original issue premium in the amount of \$_____, less an Underwriter's discount in the amount of \$_____), the Trustee shall set aside and deposit such amount as follows:

(1) The Trustee shall transfer to the Escrow Agent a portion of the funds listed above in accordance with the Closing Wire Instructions.

(2) The Trustee shall deposit in the Series 2021 Reserve Account the sum equal to \$_____, which together with the deposit from the proceeds of the Series 2021B Bonds and the Series 2021C Bonds is equal to the initial Series 2021 Reserve Requirement with respect to the Series 2021 Bonds;

(3) The Trustee shall deposit in the Series 2021 Delivery Costs Account established pursuant to Section 2.07(a) hereof such moneys to be used to pay Delivery Costs with respect to the Series 2021A Bonds as directed by a certificate of an Authorized SFMTA Representative.

Section 2.05. Application of Proceeds of Sale of the Series 2021B Bonds.

(a) Upon receipt of payment of the purchase price for the Series 2021B Bonds from the original purchasers thereof in the amount of \$_____ (representing \$_____ principal amount, plus net original issue premium in the amount of \$_____, less an Underwriter's discount in the amount of \$_____), the Trustee shall set aside and deposit such amount as follows:

(1) The Trustee shall transfer to the Escrow Agent a portion of the funds listed above in accordance with the Closing Wire Instructions.

(2) The Trustee shall deposit in the Series 2021 Reserve Account the sum equal to \$_____, which together with the deposit from the proceeds of the Series 2021A Bonds and the Series 2021C Bonds is equal to the initial Series 2021 Reserve Requirement with respect to the Series 2021 Bonds;

(3) The Trustee shall deposit in the Series 2021 Delivery Costs Account established pursuant to Section 2.07(a) hereof such moneys to be used to pay Delivery Costs with respect to the Series 2021B Bonds as directed by a certificate of an Authorized SFMTA Representative.

Section 2.06. Application of Proceeds of Sale of the Series 2021C Bonds.

(a) Upon receipt of payment of the purchase price for the Series 2021C Bonds from the original purchasers thereof in the amount of \$_____ (representing

\$_____ principal amount, plus net original issue premium in the amount of \$_____ and less an Underwriter's discount in the amount of \$_____) from the original purchasers thereof the Trustee shall set aside and deposit such amount as follows:

(1) The Trustee shall deposit in the Series 2021C Proceeds Account the sum equal to \$_____.

(2) The Trustee shall deposit in the Series 2021 Reserve Account the sum equal to \$_____, which together with the deposit from the proceeds of the Series 2021A Bonds and the Series 2021B Bonds is equal to the initial Series 2021 Reserve Requirement with respect to the Series 2021 Bonds;

(3) The Trustee shall deposit in the Series 2021 Delivery Costs Account established pursuant to Section 2.07(a) hereof such moneys be used to pay Delivery Costs with respect to the Series 2021C Bonds as directed by a certificate of an Authorized SFMTA Representative.

Section 2.07. Establishment of Series 2021 Delivery Costs Account, and Series 2021C Proceeds Account.

(a) Series 2021 Delivery Costs Account. The Trustee shall establish a Series 2021 Delivery Costs Account for the deposit and retention of a portion of the Series 2021 Bond proceeds held pending disbursement thereof. The Trustee shall disburse amounts in the Series 2021 Delivery Costs Account upon receipt from an Authorized SFMTA Representative of a requisition setting out the payee, the amount of such disbursement and the purpose of such disbursement, including a statement that said disbursement was incurred for Delivery Costs. Upon the earlier of 180 days after initial delivery of the Series 2021 Bonds or receipt by the Trustee of a certificate of Authorized SFMTA Representative that all Delivery Costs with respect to Series 2021 Bonds have been paid, the Trustee shall transfer remaining amounts in the Series 2021 Delivery Costs Account to the Series 2021 Interest Account.

The Trustee shall have no duty or liability to monitor the application of any moneys disbursed hereunder. The Trustee shall be absolutely protected in making any disbursement from the Series 2021 Delivery Costs Account in reliance upon a requisition of Authorized SFMTA Representative. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(b) [Series 2021C Proceeds Account. The Trustee shall establish a Series 2021C Proceeds Account for the deposit and retention of a portion of the Series 2021C Bond proceeds held pending disbursement thereof. The Trustee shall disburse amounts in the Series 2021C Proceeds Account for Agency purposes as provided in the Tax Certificate for the Series 2021C Bonds and pursuant to a requisition submitted by the SFMTA to the Trustee. Amounts on deposit in the Series 2021C Proceeds Account may be used for Delivery Costs and for such Agency purposes as comply with applicable law and the Tax Certificate. Earnings on the Series 2021C Proceeds Account may be transferred by the SFMTA to the Series 2021C Debt Service Account. Each such requisition shall be sufficient

evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.]

Section 2.08. Book-Entry Provisions.

(a) Original Delivery. The SFMTA may provide prior to the date of delivery of the Series 2021 Bonds, that the Series 2021 Bonds may be initially delivered in book-entry form pursuant to this Section 2.07.

The Series 2021 Bonds initially delivered in book-entry form shall be initially delivered in the form of a separate single fully registered Series 2021 Bond without coupons (which may be typewritten) for each maturity of the Series 2021 Bonds. Upon initial delivery, the ownership of each such Series 2021 Bond shall be registered by the Trustee in the name of the Nominee. Except as provided in subsection (c) below, the ownership of all such Outstanding Series 2021 Bonds shall be registered in the name of the Nominee on the registration books of the Registrar.

With respect to Series 2021 Bonds the ownership of which shall be registered in the name of the Nominee, the SFMTA and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the SFMTA holds an interest in the Series 2021 Bonds. Without limiting the generality of the immediately preceding sentence, the SFMTA and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2021 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2021 Bondholder as shown in the Registration Books, of any notice with respect to the Series 2021 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2021 Bonds to be redeemed in the event the SFMTA elects to redeem the Series 2021 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Series 2021 Bondholder as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Series 2021 Bonds or (v) any consent given or other action taken by the Depository as Holder of the Series 2021 Bonds. The SFMTA and the Trustee may treat and consider the person in whose name each Series 2021 Bond is registered as the absolute owner of such Series 2021 Bond for the purpose of payment of principal, premium and interest on such Series 2021 Bond, for the purpose of giving notices of prepayment and other matters with respect to such Series 2021 Bond, for the purpose of registering transfers of ownership of such Series 2021 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Series 2021 Bonds only to the respective Holders or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Series 2021 Bonds to the extent of the sum or sums so paid. No person other than a Series 2021 Bondholder shall receive a Series 2021 Bond evidencing the obligation of the SFMTA to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Series 2021 Record Dates, such new nominee shall

become the Nominee hereunder for all purposes; and upon receipt of such a notice the SFMTA shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2021 Bonds for the Depository's book-entry system, the SFMTA and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2021 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the SFMTA or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2021 Bonds other than the Series 2021 Bondholders. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, the SFMTA may take any other actions, not inconsistent with this Indenture, to qualify the Series 2021 Bonds for the Depository's book-entry program.

(i) Transfers Outside Book-Entry System. In the event that either the Depository determines not to continue to act as Depository for the Series 2021 Bonds, or (ii) the SFMTA determines to terminate the Depository as such, then the SFMTA shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the SFMTA and the Trustee in the issuance of replacement Series 2021 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2021 Bonds, and by surrendering the Series 2021 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2021 Bonds are to be issued. The Depository, by accepting delivery of the Series 2021 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the SFMTA fails to identify another Securities Depository to replace the Depository, then the Series 2021 Bonds shall no longer be required to be registered in the name of the Nominee, but shall be registered in whatever name or names the Holders transferring or exchanging Series 2021 Bonds shall designate, in accordance with the provisions of Article II of the Master Indenture. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(c) Payments to the Nominee. Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2021 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2021 Bond and all notices with respect to such Series 2021 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section 2.06 or as otherwise instructed by the Depository.

ARTICLE III

SERIES 2021 INTEREST AND PRINCIPAL ACCOUNTS; SEERIES 2021 RESERVE ACCOUNT; SERIES 2021 REBATE FUND

Section 3.01. Series 2021 Interest and Principal Accounts. The SFMTA shall transfer Pledged Revenues to the Trustee for deposit in the Debt Service Fund as provided in Section 5.05 of the Master Indenture and this Section 3.01; provided, that the following accounts are created in the Debt Service Fund held by the Trustee with respect to the

Series 2021 Bonds; provided further, however, that to the extent that deposits have been made in any of the accounts referred to below from the proceeds of the sale of the Series 2021 Bonds or otherwise, the deposits below need not be made.

Section 3.02. Series 2021A Debt Service Account; Series 2021B Debt Service Account; and Series 2021C Debt Service Account. On or before the Business Day prior to each Series 2021 Payment Date, the Trustee shall transfer from the Debt Service Fund to the Series 2021A Debt Service Account, the Series 2021B Debt Service Account and the Series 2021C Debt Service Account within the Debt Service Fund (which accounts are hereby created), the interest and Principal Amount to become due on such Series 2021 Bonds on such Series 2021 Payment Date; provided that the SFMTA need not transfer any moneys at such time as the balance in said Series 2021A Debt Service Account, said Series 2021B Debt Service Account and said Series 2021C Debt Service Account shall be equal to the aggregate amount of interest and Principal Amount becoming due and payable on the then Outstanding Series 2021A Bonds, Series 2021B Bonds and Series 2021C Bonds, respectively, on such Series 2021 Payment Date. The obligation to make the foregoing transfers shall be on a parity with the obligation to fund any interest accounts henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

Section 3.03. Series 2021 Reserve Account. (a) The Series 2021 Reserve Account in the Reserve Fund is hereby established with the Trustee. The Reserve Requirement for the Series 2021 Bonds shall be the Series 2021 Reserve Requirement. The Series 2021 Reserve Account shall benefit only the Series 2021 Bonds and any additional Series of Bonds to the extent so designated in a Supplemental Indenture. The amounts on deposit in the Series 2021 Reserve Account shall secure on a parity basis the Series 2021 Bonds and any additional Series of Bonds so designated in a Supplemental Indenture. In the event an additional Series of Bonds is designated in a Supplemental Indenture to benefit from the Series 2021 Reserve Account, the definition of Series 2021 Reserve Requirement shall be applicable to such Series of Bonds but shall be revised in such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code.

(b) If on any Series 2021 Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay interest on and principal to become due on the Series 2021 Bonds on such Series 2021 Payment Date (or any Series of Bonds designated in a Supplemental Indenture on its Payment Dates), then the Trustee shall withdraw the amount of any such deficiency from the Series 2021 Reserve Account and deposit such amount in the Debt Service Fund.

(c) All money on deposit in the Series 2021 Reserve Account in excess of the Series 2021 Reserve Requirement shall be transferred to the SFMTA or to such account as an Authorized SFMTA Representative may designate; and for this purpose all investments in the Series 2021 Reserve Account shall be valued monthly, at the lower of purchase price or the current market value of such investments (inclusive of accrued interest).

(d) The Trustee shall deposit moneys received from the SFMTA pursuant to Section 5.05(b) of the Master Indenture in the Series 2021 Reserve Account, in an amount equal to that sum, if any, necessary to restore the Series 2021 Reserve Account to an amount equal to the Series 2021 Reserve Requirement. The obligation to make the foregoing transfers to the Series 2021 Reserve Account shall be on a parity without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference. If provided for in a Supplemental Indenture, the obligation to make the foregoing transfers shall be on a parity with the obligation to fund any separate reserve accounts within the Reserve Fund henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

Section 3.04. Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the "Series 2021 Bonds Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") with respect to the Series 2021B Bonds and the Series 2021C Bonds, pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). The SFMTA may by Supplemental Indenture establish additional funds or accounts for purposes of satisfying the Rebate Requirement with respect to any other Outstanding Bonds. Amounts on deposit in the Rebate Fund shall be free and clear of any lien under the Indenture and shall be governed by this Section 3.04 and Section 6.07 of the Master Indenture and by the Tax Certificate relating to the Series 2021B Bonds and the Series 2021C Bonds. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of an Authorized SFMTA Representative, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the SFMTA with the Rebate Requirement.

(b) Deposits.

(i) Within 45 days of the end of each Bond Year (as such term is defined in the Tax Certificate), (1) the SFMTA shall calculate or cause to be calculated with respect to the Series 2021 Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) upon the written direction of an Authorized SFMTA Representative, the Trustee shall deposit to the Rebate Fund from deposits from the SFMTA, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section 3.03.

(iii) The SFMTA shall not be required to calculate the "rebate amount," and the Trustee shall not be required to make deposit of any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series 2021 Bonds (including amounts treated as proceeds of the Series 2021 Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the SFMTA under Section 148(f)(4)(C)(vii) of the Code to pay a 1% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, an Authorized SFMTA Representative shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Bonds. Any funds remaining in the Rebate Fund after payment of all the Series 2021 Bonds and any amounts described in paragraph (2) of subsection (d) of this Section 3.04, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to the SFMTA.

(d) Withdrawal for Payment of Rebate. Upon the an Authorized SFMTA Representative's written direction, but subject to the exceptions contained in subsection (b) of this Section 3.04 to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148 3 of the Treasury Regulations; and not later than 60 days after the payment of all Series 2021 Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148 3 of the Treasury Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section 3.04 shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the arbitrage rebate consultant for execution by the an Authorized SFMTA Representative and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, an Authorized SFMTA Representative shall calculate the amount of such deficiency and direct the Trustee to

deposit an amount received from the SFMTA equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section 3.04, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection (b), upon written instructions from an Authorized SFMTA Representative, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) Record Keeping. The SFMTA shall retain records of all determinations made hereunder until six years after the complete retirement of the Series 2021 Bonds.

(i) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Series 2021 Bonds.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Continuing Disclosure. The SFMTA hereby covenants and agrees that it will comply with the provisions of the Series 2021 Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the SFMTA to comply with the Series 2021 Continuing Disclosure Certificate shall not be considered an event of default hereunder; however, the Trustee may (and, at the request of the Participating Underwriter (as defined in the Series 2021 Continuing Disclosure Certificate) or the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Outstanding Series 2021 Bonds, shall) after receiving indemnification to its satisfaction, or any holder or Beneficial Owner (as defined in the Series 2021 Continuing Disclosure Certificate), may take such actions as may be necessary and appropriate to cause the SFMTA to comply with the provisions of the Series 2021 Continuing Disclosure Certificate.

Section 4.02. Effective Date of Fifth Supplemental Indenture. This Fifth Supplemental Indenture shall take effect upon its execution and delivery.

Section 4.03. Indenture to Remain in Effect. Except as provided in this Fifth Supplemental Indenture, the Indenture shall remain in full force and effect.

Section 4.04. Execution in Counterparts. This Fifth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

Jeffrey Tumlin
Director of Transportation

ATTEST:

Secretary to the Board of Directors

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

Authorized Officer

APPROVED AS TO FORM
BY: DENNIS J. HERRERA,
CITY ATTORNEY

Deputy City Attorney

(FORM OF SERIES 2021A/B/C BOND)

No. \$_____

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
[REFUNDING] REVENUE BONDS SERIES 2021[A/B/C]

Interest Rate	Maturity Date	Dated Date	CUSIP
	_____, 20__	_____, 2021	

PRINCIPAL AMOUNT:

REGISTERED OWNER: CEDE & CO.

The SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY (hereinafter sometimes called the "SFMTA"), a public body, corporate and politic, duly organized and existing under the Constitution and statutes of the State of California and the Charter of the City and County of San Francisco (the "Charter"), for value received, hereby promises to pay (but solely out of the funds hereinafter mentioned) to the registered owner hereof as shown above or registered assigns (herein sometimes referred to as the "Owner" or "Holder"), subject to the right of prior redemption hereinafter mentioned, the Principal Amount specified above, on the maturity date specified above, and to pay such Owner on each March 1 and September 1 of each year commencing on September 1, 2021 (each, a "Series 2021 Interest Payment Date") by check or draft mailed by the Trustee hereinafter referred to on the Series 2021 Interest Payment Date via first class mail to such Owner at such Owner's address shown on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Series 2021 Interest Payment Date (the "Series 2021 Record Date"), or by federal wire transfer to an account in the United States designated by such Owner of Bonds in the aggregate Principal Amount of \$1,000,000 or more, upon provision of a written notice received by the Trustee prior to the applicable Series 2021 Record Date, interest on such Principal Amount from the Series 2021 Interest Payment Date immediately preceding the date of authentication hereof (unless (i) the date of authentication hereof is prior to the first regular Series 2021 Record Date in which event from the dated date specified above, or (ii) the date of authentication hereof is a Series 2021 Interest Payment Date, in which event from that Series 2021 Interest Payment Date, or (iii) the date of authentication hereof is after a regular Series 2021 Record Date but before the following Series 2021 Interest Payment Date, in which event it shall bear interest from such Series 2021 Interest Payment Date) until the Principal Amount hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, at the interest rate per annum set forth above payable semiannually on each Series 2021 Interest Payment Date. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Principal Amount of and redemption premiums, if any, and interest on the Series 2021 Bonds shall be paid in lawful money of the United States of America. The Principal Amount of and redemption premiums, if any, on the Series 2021_ Bonds and payments of interest due at maturity or earlier redemption of

the Series 2021_ Bonds, shall be payable upon the surrender thereof at the corporate trust office (the "Corporate Trust Office") of The Bank of New York Mellon Trust Company, N.A. as trustee (the "Trustee"), in San Francisco, California. All capitalized terms which are used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Indenture (as hereinafter defined). Series 2021_ Bonds that are book-entry bonds will be governed by the book-entry provisions of the Indenture and the Representation Letter.

The Bonds (as defined under the Indenture) are special, limited obligations of the SFMTA payable solely from Pledged Revenues of the SFMTA and from moneys held in certain funds and accounts established pursuant to the Indenture. The SFMTA is not obligated to pay the principal of, premium, if any, or interest on the Bonds from any source of funds other than Pledged Revenues. The General Fund of the City is not liable for the payment of the principal of, premium, if any, or interest on the Bonds, and neither the credit nor the taxing power of the City is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien, or encumbrance upon, any of the property of the City or of the SFMTA or any of its income or receipts, except Pledged Revenues, as provided by the Indenture.

This Bond is one of a duly authorized issue of Bonds of the SFMTA designated "San Francisco Municipal Transportation Agency [Refunding] Revenue Bonds, Series 2021_" (herein called the "Series 2021_ Bonds"), in an aggregate principal amount of \$_____, all of like tenor and date (except for bond numbers, interest rates, amounts and maturity) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and the Charter. The Series 2021_ Bonds are authorized by and issued pursuant to certain resolutions duly adopted by the City and the SFMTA and under the Indenture of Trust, dated as of July 1, 2012, as previously supplemented, including as supplemented by the Fifth Supplement to Indenture of Trust, dated as of ____ 1, 2021 (together, the "Indenture"), each by and between the SFMTA and the Trustee, a copy of which is on file with the Secretary of the SFMTA and the Trustee. This Bond will be secured on parity with any other Outstanding Bonds hereafter issued in accordance with the Indenture, including the other Series of Bonds.

All of the Bonds are equally secured in accordance with the terms of the Indenture, reference to which is hereby made for a specific description of the security provided for said Bonds, for the nature, extent and manner of enforcement of such security and for the covenants and agreements made for the benefit of the Holders of the Bonds. By the acceptance of this Bond the Owner hereof consents to all of the terms, conditions and provisions of the Indenture. All of the provisions of the Indenture are hereby incorporated by reference into this Bond as if set forth in full herein, and any inconsistency between the provisions of this Bond and the Indenture shall be resolved in favor of the Indenture. In the manner provided in the Indenture, said Indenture and the rights and obligations of the SFMTA and of the Holders of Bonds may (with certain exceptions as stated in said Indenture) be amended or supplemented with the consent of the Holders of at least fifty-one percent (51%) in aggregate Principal Amount of Outstanding Bonds of all Series affected by such amendment, unless such amendment is for the purpose of, among other things, curing ambiguities or formal defects or omissions, correcting or supplementing any provision which may be inconsistent with any other provision or to make any other change or addition which shall not have a material adverse effect on the interests of the Holders, in which case no Bondholders' consent is required.

The Series 2021 Bonds shall be subject to optional and mandatory redemption as provided in the Indenture.

This Bond is issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof and is negotiable upon proper transfer of registration. This Bond is transferable by the Owner hereof or by his duly authorized attorney, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new Series 2021 Bond of any authorized denomination or denominations for the same aggregate principal amount and maturity of the same issue will be issued to the transferee in exchange therefor. This Bond may also be exchanged for a like aggregate principal amount of Series 2021 Bonds of other authorized denominations of the same maturity and interest rate, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture, upon surrender and cancellation of this Bond.

The SFMTA and the Trustee shall not be required to issue, register the transfer of, or exchange (i) any Series 2021 Bond during the period beginning on the fifteenth day of the month preceding each Series 2021 Interest Payment Date and ending on such Series 2021 Interest Payment Date, during the fifteen (15) days preceding the selection of Series 2021 Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed or on any redemption date, or (ii) any Series 2021 Bond selected for redemption.

The SFMTA and the Trustee may treat the Owner hereof as the absolute Owner hereof for all purposes, and the SFMTA and the Trustee shall not be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

The SFMTA by execution of this Bond hereby certifies that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Charter, and that this Bond is within every debt and other limit prescribed by the Constitution and statutes of the State of California and said Charter.

IN WITNESS WHEREOF, the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY has caused this Bond to be signed on its behalf by the signature of its Director of Transportation, all as of the Dated Date set forth above.

By: _____
Director of Transportation

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Indenture.

Date of Authentication: _____, 2021

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

* * * * *

(FORM OF ASSIGNMENT OF BONDS)

For value received _____ hereby sells, assigns and transfers
unto _____ the within mentioned Bond and hereby irrevocably
constitutes and appoints _____, attorney, to transfer the same on the
books of the Trustee with full power of substitution in the premises.

NOTE: The signature(s) on this Bond
must correspond with the name(s) as
written on the face of the within
Registered Bond in every particular,
without alteration or enlargement or any
change whatsoever.

Dated: _____, 20__
Signature Guaranteed By:

NOTE: Signature must be
guaranteed by an eligible
guarantor institution.

November 13, 2020

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

GOOD FAITH ESTIMATES

For purposes of compliance with Section 5852.1 of the California Government Code, the following information are good faith estimates provided by the San Francisco Municipal Transportation Agency Municipal Advisor, Backstrom McCarley Berry & Co.

1. True interest cost of the Bonds: 2.40% (combined taxable and tax-exempt bonds)
2. Finance charge for the Bonds, including all fees and charges for third parties (including underwriter's compensation, municipal advisory fees, co-bond counsel fees, disclosure counsel fees, trustee and escrow agent fees, rating agency fees, and other payments to third parties): \$1,105,638.
3. Amount of Refunding Revenue Bond proceeds expected to be received by the Agency, net of payments identified in 2 above and any reserve fund funded with proceeds of the Refunding Revenue Bonds: \$175,111,072.
4. Total payment amount for the Refunding Revenue Bonds, being the sum of (a) debt service on the Refunding Revenue Bonds to final maturity, and (b) any financing costs not paid from proceeds of the Refunding Revenue Bonds: \$223,392,906, which is a reduction of \$20,551,065 in debt service from the refunded bonds.

The information set forth above is based up estimates of prevailing market conditions as of November 13, 2020, and the ability to refinance the targeted outstanding debt at lower interest cost on a taxable basis. Actual results may differ if assumed market conditions change at the time of pricing, expected to be in February 2021.



London Breed, Mayor

Gwyneth Borden, Chair
Amanda Eaken, Vice Chair
Cheryl Brinkman, Director

Steve Heminger, Director
Sharon Lai, Director

Jeffrey Tumlin, Director of Transportation

December 18, 2020

The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102

Subject: Resolution authorizing the sale, issuance and execution of not to exceed \$185,000,000 aggregate principal amount on a tax-exempt or taxable basis of refunding revenue bonds by the Municipal Transportation Agency to refinance all or a portion of outstanding bonds.

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests authorizing the issuance of taxable or tax-exempt Refunding Revenue Bonds in an amount not to exceed \$185 million (Refunding Bonds) to refinance all or a portion of the Series 2012A, 2012B, 2013; and 2014 Revenue Bonds (collectively, Prior Bonds) to lower agency debt service costs and increase cash flow to provide near-term budget relief.

Background

This report relates to the SFMTA's proposed refinancing of Prior Bonds, the proceeds of which are now fully expended, excepting a de minimis balance for Series 2013, and a \$4.4 million balance for Series 2014. While the proceeds are effectively expended, SFMTA must now pay the remaining debt service on the Prior Bonds. Refunding the bonds will allow the Agency to refinance its debt and receive a lower interest rate, saving the Agency in ongoing debt service costs while retaining the same payback schedule.

The City Charter 8A.102(b)13 states "To the maximum extent permitted by law, with the concurrence of the Board of Supervisors, and notwithstanding the requirements and limitations of Sections 9.107, 9.108, and 9.109, [the Agency will] have authority without further voter approval to incur debt for Agency purposes and to issue or cause to be issued bonds, notes, certificates of indebtedness, commercial paper, financing leases, certificates of participation or any other debt instruments. Upon recommendation from the Board of Directors, the Board of Supervisors may authorize the Agency to incur on behalf of the City such debt or other obligations provided: 1) the Controller first certifies that sufficient unencumbered balances are expected to be available in the proper fund to meet all payments



under such obligations as they become due; and 2) any debt obligation, if secured, is secured by revenues or assets under the jurisdiction of the Agency.”

Revenue Bonds are issued against “Pledged Revenues,” defined under the Indenture to mean all revenue of the SFMTA from or with respect to its management, supervision, operation and control of the Transportation System of the City, as determined in accordance with generally accepted accounting principles. Pledged Revenues include but are not limited to: (a) grants or transfers funded pursuant to the Transportation Development Act (codified at Sections 99200 et seq. of the California Public Utilities Code) (the TDA) and Assembly Bill 1107 (codified at Sections 29140 et seq. of the Public Utilities Code) (AB 1107), and (b) SFMTA parking meter revenues (but only to the extent Bonds or other Parity Obligations have financed traffic regulation and control functions), (c) transit fares, (d) the Traffic Congestion Mitigation Tax or “Transportation Network Company (TNC) Tax.”

Pledged Revenues do not include: (a) Special Facility Revenue and any interest income or profit realized from the investment thereof, unless such receipts or a portion thereof are designated as Pledged Revenues by the SFMTA, (b) grants or contributions, which by their terms would be restricted to uses inconsistent with the payment of the Bonds, (c) any State or federal grant (except for grants or transfers funded pursuant to the TDA or AB 1107) unless such grant by its terms may be used to pay debt service and is designated as Pledged Revenues in a Supplemental

In 2011, the Board established the SFMTA Bond Oversight Committee (BOC) to oversee the expenditure of bond proceeds funded by SFMTA revenue bonds and other forms of indebtedness. The purpose of the BOC is to ensure that bond proceeds are spent on permitted purposes and that prudent internal controls are established. The BOC consists of seven members: three members recommended by the Chair of the Board and approved by the Board, two members of the SFMTA’s Citizens’ Advisory Council, one member appointed by the SFMTA’s Director of Transportation (DOT) and one member appointed by the City Controller (the Controller). The BOC provides annual reports about its activities. If the DOT decides to issue new money as a part of this proposed transaction, the BOC will provide oversight of the expenditure of proceeds. The BOC’s annual reports and past quarterly project progress reports can be found at <https://www.sfmta.com/committees/sfmta-bond-oversight-committee-boc>.

The Agency issued Prior Bonds for the following purposes:

1. The Series 2012A Bonds were issued to (i) refund prior bonds issued by the Parking Authority, the City of San Francisco Ellis-O’Farrell Parking Corporation, the City of San Francisco Downtown Parking Corporation and the City of San Francisco Uptown Parking Corporation.
2. The Series 2012B Bonds were issued to finance (i) Systemwide Transit Access and Reliability (Transit Signal Priority) Program, (ii) Muni Metro Sunset Tunnel Rail Rehabilitation, (iii) Muni



- Metro Turnback Rehabilitation, (iv) Muni Metro System Public Announcement and Public Display System Replacement, (v) Muni System Radio Replacement Project, (vi) Muni Green Light Rail Facility Rehabilitation, and (vii) major rehabilitation, preservation, and improvement of existing parking facilities.
3. The Series 2013 Bonds were issued to finance (i) Pedestrian Safety and Traffic Signal Improvements, (ii) Transit System Safety and Other Transit Improvements, (iii) Street Capital Improvements, (iv) Facility Improvements, (v) Transit Fixed Guideway Improvements, and (vi) Light Rail Vehicle Procurement.
 4. The Series 2014 Bonds were issued to finance (i) Pedestrian Safety and Traffic Signal Improvements, (ii) Transit System Safety and Spot Improvements, (iii) Complete Street Capital Improvements, (iv) Facility Improvements, and (vii) Muni Light Rail Vehicle Procurement.
 5. The Series 2017 Bonds were issued to finance (i) Muni Light Rail Vehicle (LRV) Procurement, (ii) Van Ness Bus Rapid Transit Project / Improvement Project, (iii) Mission Bay Transportation Capital Improvements for the Chase Center, (iv) Pedestrian Safety and Traffic Signal Improvements, (iv) Transit System Safety and Spot Improvements, (v) Complete Street Capital Improvements, and (vi) Facility Improvements.

The full details of each prior issuance, including funded projects can be found in the SFMTA's official statements located on the Electronic Municipal Market Access website at <http://emma.msrb.org/IssuerView/IssuerDetails.aspx?cusip=797686>.

The documents included in the package are in draft format and will be completed at the time of the transaction when the information required to fully execute them is available: (i) Fifth Supplemental Indenture, (ii) Escrow Agreement, (iii) Purchase Contract, and (iv) Continuing Disclosure Certificate. Today's approval provides the SFMTA DOT with authorization to execute the aforementioned enclosures, and make non-substantive changes that are in accordance with the Resolution.

Authorization will also allow the SFMTA DOT to: (i) determine the aggregate principal amount of Refunding Bonds to be issued (subject to the defined not to exceed \$185 million); (ii) determine the various titles and series designations of the bonds; (iii) determine whether to establish a reserve account for one more series of bonds; (iv) determine the redemption provisions of the bonds; and (v) to take any actions or make any decisions necessary to maximize the financial advantages to be realized in connection with the issuance of the bonds



Alternatives Considered

The SFMTA considered the alternative of postponing the refunding for all Series until qualifying for tax exempt status. This would require the agency to complete the refunding transaction within 90 days of the refunding threshold, which are as follows:

- Series 2012: Bonds maturing on or after March 1, 2023 *are subject to optional redemption prior to maturity on or after March 1, 2022*
- Series 2013: Bonds maturing on or after March 1, 2024 *are subject to optional redemption prior to maturity on or after March 1, 2023*
- Series 2014: Bonds maturing on or after March 1, 2025 *are subject to optional redemption prior to maturity on or after March 1, 2024*

The risk of waiting is that interest rates may rise in the future. If there is a successful vaccine, and the COVID-19 pandemic ends, there is the potential that the Federal Reserve may allow rates to rise and any potential refunding savings would be lost.

The SFMTA also considered the alternative of no refunding, meaning the agency would not realize any potential savings or new money bonds.

Considering the tradeoffs, an advance refunding is financially prudent, and today's historically low interest rates present an opportunity to save the agency money in the long-term while also securing much needed budget relief to aid in the near-term response and adaptation to COVID-19.

The benefits of refunding on a taxable advance basis today outweigh any theoretical savings from a tax-exempt refunding one-to-three years from today which may evaporate with rising interest rates.

Funding Impact/Budget

The debt service savings impact of any revenue bond refinancing is dependent on market conditions during final pricing, as well as the final deal structure that is chosen by the DOT.

Under market conditions as of November 13, 2020, the net-present value savings of a taxable advance refunding could total approximately \$20 million dollars through 2044, with a true interest cost of 2.40 percent.



The near-term cash flow benefit in the form of debt service reserve fund, interest fund and principal fund releases, and delayed amortization could range from \$16 million to \$43 million in FY 2020-21 through FY 2022-23.

SFMTA Board Action

On December 15, 2020, the SFMTA Board of Directors approved Resolution No. 201215-110 authorizing the issuance of not to exceed \$185 million of taxable or tax-exempt Refunding Revenue Bonds to refinance all or a portion of the Series 2012A, 2012B, 2013; and 2014 Prior Bonds, and authorizing and directing the DOT to execute the documents necessary for this transaction, including the Fifth Supplement to Indenture of Trust, Escrow Agreement, Purchase Contract and Continuing Disclosure Certificate and to seek Board of Supervisors concurrence with respect to the plan of finance described.

Recommendation

The SFMTA recommends authorizing the issuance of not to exceed \$185 million of taxable or tax-exempt Refunding Revenue Bonds to refinance all or a portion of the Series 2012A, 2012B, 2013; and 2014 Prior Bonds, and authorizing and directing the DOT to execute the documents necessary for this transaction, including the Fifth Supplement to Indenture of Trust, Escrow Agreement, Purchase Contract and Continuing Disclosure Certificate and to seek Board of Supervisors concurrence with respect to the plan of finance described.

Thank you for your consideration of this proposed refunding transaction. Should you have any questions or require more information, please do not hesitate to contact me at any time.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey Tumlin".

Jeffrey Tumlin
Director of Transportation



New Money Bond Appropriation

The SFMTA proposes to recommend that the Board of Supervisors appropriate new money tax exempt Revenue Bonds (New Money Bonds) to finance the costs for transportation infrastructure and equipment. The costs for transportation infrastructure include the following: modernizing maintenance facilities that are vital to accommodate fleet growth, and renovating outdated operational facilities so that employees experience a safe and optimal working environment at SFMTA properties; maintaining SFMTA’s fixed guideway assets in a state of good repair, such as subway infrastructure, stations, tracks, overhead wires, the train control system, and cable car infrastructure at various locations; replacing parking meters citywide with updated equipment and rehabilitate parking structures that are accessible and meet the requirements of the Americans with Disabilities Act (ADA); and creating a Rapid Network with several major corridor projects by implementing pedestrian bulbs, transit only lanes, traffic signal priority, and other street design changes to support the City’s Transit First policy. The costs for transportation equipment include replacing and expanding revenue and non-revenue vehicles, such as light rail vehicles, motor coaches, trolley coaches, electrical buses, cable cars, historic streetcars, paratransit vehicles, sedans and special vehicles.

The SFMTA will not proceed with any projects in these program areas until there has been compliance with the California Environmental Quality Act (“CEQA”) and the City’s Environmental Quality Regulations (San Francisco Administrative Code Section 31).

Not a “project” under CEQA pursuant to CEQA Guidelines Sections 15060(c) and 15378(b) because the action would not result in a direct or a reasonably foreseeable indirect physical change to the environment.

Andrea Contreras 1/5/2021

Andrea Contreras Date
San Francisco Municipal Transportation Agency

Laura C. Lynch 1/12/2021

Laura C. Lynch Date
San Francisco Planning Department



SFMTA

Revenue Bond Refunding

Board of Supervisors Budget & Finance Committee

January 13, 2020

Financial Analysis Office
Budget, Financial Planning and Analysis
Finance & IT

The Rationale

- With its good credit rating, the SFMTA can take advantage of historically low interest rates to save the agency in debt service and increase budget resilience
- Advance refunding of previously issued bonds could provide:
 - Up-to \$43M in near-term cash flow in FY21 through FY23
 - Up-to \$21M in NPV savings through FY2044
- Near-term savings will be used to close the SFMTA's projected FY22 \$62.8 million deficit
- The SFMTA may decide not to move ahead with refunding depending on financial position or market conditions

Assumes rates as of 11/13/2020, subject to change based on market conditions

SFMTA Outstanding Debt

Series	Original Par	Outstanding Par	Avg Yield	Dated Date	Final Maturity	1st Call Date	DSRF Purpose
Series 2012-A	38 M	12 M	2.28	Jul-12	Mar-32	Mar-22	1.7 M Refunding prior parking bonds
Series 2012-B	26 M	26 M	3.42	Jul-12	Mar-42	Mar-22	1.8 M New \$: Parking Garages
Series 2013	75 M	56 M	2.68	Dec-13	Mar-33	Mar-23	6.0 M New \$: Traffic safety, vehicles
Series 2014	71 M	62 M	2.09	Dec-14	Mar-44	Mar-24	4.5 M New \$: Traffic safety, vehicles
Series 2017	178 M	167 M	NA	Jun-17	Mar-47	Mar-27	NA New \$: Van Ness BRT, Mission Bay/Chase, vehicles
Total	388 M	323 M					14.0 M

The SFMTA proposes to refund series 2012 through 2014

Refunding Series 2017 would not result in cost savings

Refunding Summary

The SFMTA is seeking to refund \$156 million in outstanding par on debt that has already been issued, and the proceeds of which have effectively been expended on capital projects

	Goal and Financial Impact
Approach	Reduce interest rate existing bonds from approx. 5.0% to an estimated 2.29% Begin amortization in FY 24, and release obligated debt reserves and scheduled principal and interest payments for operating uses
Objective	Greatly enhance near-term cash flow and maximize NPV savings (today's dollars) to support the operating budget
Gross Aggregate Savings (Nominal)	\$20.5 M
NPV Savings through FY44 (Today's Dollars)	\$20.4 M
FY21-23 Net Cash Flow (Near-term)	\$43.0 M

Assumes rates as of 11/13/2020, subject to change based on market conditions

Refunding Detail

Comparison of Near-Term Financial Impact

Refunding Proposal

Funds Available for SFMTA in FY 2021¹ (Dollars in thousands)

Aggregate DSRF Releases	14,071
Aggregate Interest Fund Releases	3,193
Aggregate Principal Fund Releases	5,317
New Money Proceeds	0
Sub-Total: Available Funds	22,581
Near-Term Net Cash Flow Benefit³	
FY 2021 Net Change in Cash Flow	9,631
FY 2022 Net Change in Cash Flow	9,625
FY 2023 Net Change in Cash Flow	1,187
Sub-Total: FY21-23 Net Cash Flow Benefit³	20,443
Total Near-Term Financial Impact ⁴	43,024

Net PV Savings Calculation

Aggregate Gross Savings	20,528
PV Savings From Cash Flows	20,377
Plus: Refunding Funds on Hand	5
Net PV Savings to Refunded Par	13.1%

1) Indicates funds not used as a source of funds for the refunding bonds that are made available at financial close for SFMTA's use

2) Gross annual savings generated by refunding bonds only, does not account for impact of new money debt service, if any

3) Net Cash Flow Benefit is equal to the savings generated by the refunding bonds, less any debt service due on new money bonds

4) Total Near Term Financial Impact is equal to the sum of the Sub-Total: Available Funds and the Sub-Total: FY21-23 Net Cash Flow Benefit

Gross Annual Savings²

Fiscal Year	Refunding Proposal
2021	9,631,422
2022	9,625,289
2023	1,186,743
2024	5,323
2025	8,506
2026	5,343
2027	5,847
2028	8,047
2029	8,132
2030	8,734
2031	4,832
2032	3,065
2033	290
2034	3,646
2035	465
2036	535
2037	2,020
2038	1,680
2039	4,170
2040	3,895
2041	510
2042	3,575
2043	2,150
2044	4,185
Total	\$20,528,403

Assumes rates as of 11/13/2020, subject to change based on market conditions

Today's Request and Next Steps

- The SFMTA is requesting that the Board of Supervisors authorize the Director of Transportation to approve and to execute Refunding Bonds up-to \$185M
- Expected transaction closing and pricing to occur in February

Thank You.



Prepared By:

Samuel Thomas

Manager of Financial Analysis and Project Controls

1 South Van Ness Avenue, 8th Floor

SFMTA

Glossary of Terms

- Aggregate Gross Savings: Nominal savings, prior to calculating NPV.
- Advance Refunding: Advance refunding refers to the practice of taking the funds received from a new bond issuance to pay off a prior issue's debt. The issue of the new bond is, usually, at a lower interest rate than the older, unpaid obligation.
- Amortization: Amortization is paying off a debt over time in installments.
- Basis Points (bps): One hundredth of one percent, used chiefly in expressing differences of interest rates.
- Debt Service Reserve Fund (DSRF): Debt service reserves are cash assets that are designated by a borrower to ensure full and timely payments to bond holders.
- Capitalized Interest: The addition of interest cost incurred while capital projects are under construction, and such cost is added to the principal amount of the bonds.
- Escrow Efficiency: Escrow efficiency is the opportunity cost or holding money in escrow for a period of time (usually in cash or short-term treasury investments) until the money is able to be put to use to fund a project, or to repay investors.
- Maturity: A bond's term to maturity is the period during which its owner will receive interest payments on the investment. When the bond reaches maturity, the owner is repaid its par, or face, value.
- Negative Arbitrage: Negative arbitrage is the opportunity lost when bond issuers assume proceeds from debt offerings and then hold that money in escrow for a period of time (usually in cash or short-term treasury investments) until the money is able to be put to use to fund a project, or to repay investors.
- Net Present Value (NPV): NPV is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used to analyze the economic value of an investment, translating returns into today's dollars.
- Par Value: The par value is the amount of money that bond issuers promise to repay bondholders at the maturity date of the bond.
- Underwriter: An underwriter is any party that evaluates and assumes another party's risk for a fee. The fee paid to an underwriter often takes the form of a commission, premium, spread, or interest.
- Yield: Bond yield is the return an investor realizes on a bond. Setting the bond yield equal to its coupon rate is the simplest definition.

New Money Overview

- The SFMTA Board requested that the Agency consider all options to mitigate negative financial impacts while preserving transit and transportation services to the greatest extent possible, and has authorized New Money Bond issuance
- The SFMTA wishes to retain the option to issue up-to \$300M in tax-exempt new money bonds capital projects, however the Agency plans to issue and appropriate \$287M
- This option bolsters the SFMTA's financial position and looming capital shortfalls while issuing debt at historically low cost

SFMTA Capital Program Status

SFMTA needs to invest \$632M annually to bring the transit system in a state of good repair. On average there is only \$467M annually available in the CIP.



\$632M Full Scheduled Asset Replacement & Eliminate the Backlog

\$552M Full Scheduled Asset Replacement & Reduce the Backlog by 50%

\$472M Full Scheduled Asset Replacement & No Growth in Backlog

\$304M Transit Service Critical Scheduled Asset Replacement

\$250M Annual State of Good Repair Investment Target

5-year Amount
\$2.33B

Average Annual CIP Revenue
\$467M

Annual State of Good Repair Need
\$632M

Average SGR Annual Investment
\$269M

New Money Summary

Issuance Amount

- \$255M for capital program uses
- \$31.7M for costs of issuance, debt service reserve, and a reserve for market uncertainty during issuance

True Interest Cost (TIC)

- Estimated TIC of 2.38%-- compared to avg on existing bonds of approximately 5%
- Estimated total cost of \$443.5M, or debt service of \$14.8M/year on avg

Assumes rates as of 01/06/2020, subject to change based on market conditions

SFMTA Refunding and New Money Debt Service Detail

	A	B	C	D	E
Fiscal Year	Current Debt Service (Excluding Refunding)	Debt Service with Refunding	Proposed New Money Debt Service	Total Adjusted Debt Service Assuming Refunding (B+C=D)	Adjusted Debt Service Compared to Current Debt Service (D-A=E)
2021	23,517,131	13,885,709		13,885,709	(9,631,422)
2022	23,521,031	13,717,747	7,703,700	21,421,447	(2,099,584)
2023	23,337,781	20,579,706	7,703,700	28,283,406	4,945,625
2024	23,335,531	23,330,556	7,703,700	31,034,256	7,698,725
2025	23,338,781	23,334,832	7,993,700	31,328,532	7,989,751
2026	23,333,831	23,329,618	8,000,000	31,329,618	7,995,787
2027	23,337,081	23,333,652	7,995,850	31,329,502	7,992,421
2028	23,336,844	23,332,900	7,996,550	31,329,450	7,992,606
2029	23,336,831	23,334,106	7,991,950	31,326,056	7,989,225
2030	23,334,194	23,327,705	8,002,200	31,329,905	7,995,711
2031	23,336,344	23,335,491	7,991,850	31,327,341	7,990,997
2032	23,334,013	23,332,055	7,996,500	31,328,555	7,994,543
2033	23,335,738	23,334,941	7,990,700	31,325,641	7,989,904
2034	17,361,988	17,361,566	13,964,750	31,326,316	13,964,329
2035	17,356,988	17,352,758	13,974,250	31,327,008	13,970,021
2036	17,361,188	17,360,162	13,967,750	31,327,912	13,966,725
2037	17,358,438	17,358,240	13,970,550	31,328,790	13,970,353
2038	17,358,525	17,353,503	13,972,200	31,325,703	13,967,178
2039	17,358,713	17,356,830	13,972,550	31,329,380	13,970,668
2040	17,354,463	17,354,000	13,971,450	31,325,450	13,970,988
2041	17,350,575	17,350,313	13,978,750	31,329,063	13,978,488
2042	17,361,575	17,360,898	13,964,000	31,324,898	13,963,323
2043	14,559,175	14,558,030	16,767,650	31,325,680	16,766,505
2044	14,557,725	14,556,510	16,769,950	31,326,460	16,768,735
2045	10,052,825	10,052,825	21,272,200	31,325,025	21,272,200
2046	10,053,625	10,053,625	21,274,100	31,327,725	21,274,100
2047	10,055,025	10,055,025	21,271,300	31,326,325	21,271,300
2048			31,328,500	31,328,500	31,328,500
2049			31,328,450	31,328,450	31,328,450
2050			31,328,350	31,328,350	31,328,350
2051			31,327,450	31,327,450	31,327,450
Total	519,235,956	496,993,303	443,474,600	940,467,903	421,231,947

Assumes rates as of 01/06/2020, subject to change based on market conditions

New Money Uses—Fleet

These projects include procurement of transit vehicles such as light rail vehicles and motor coaches and the rehabilitation of transit vehicles such as cable cars and historic streetcars to extend their useful lives.



New Money Uses—Facilities

1200 15th Street Renovation

- Rebuild existing structure at 1200 15th Street as a mixed use development, consolidating Traffic Enforcement Operations on the first two floors and adding a mix of affordable and market rate housing on the upper floors.
- Enforcement space will include work areas, office space, locker rooms and storage areas with vehicle storage provided next door at the upper floors of the existing Scott Facility.



New Money Uses—Meter Replacement

Replacement of the 29,000+ technologically obsolete parking meters with updated equipment containing current wireless technology.



New Money Supplemental Appropriation Detail

Funded Item	Description	Amount (in millions)
Transportation Equipment Projects	Replacement and expansion for both revenue and non-revenue vehicles, such as light rail vehicles, motor coaches, trolley coaches, electrical buses, cable cars, historic streetcars, paratransit vehicles, sedans and special vehicles.	\$137
Transportation Infrastructure Projects	Modernize maintenance facilities that are vital to accommodate fleet growth and renovate outdated operational facilities so that employees experience a safe and optimal working environment at SFMTA properties. Maintain SFMTA's fixed guideway assets in a state of good repair, such as subway infrastructure, stations, tracks, overhead wires, the train control system, and cable car infrastructure at various locations. Replace parking meters citywide with updated equipment and rehabilitate parking structures that are accessible and meet the requirements of the Americans with Disabilities Act (ADA). To support the City's Transit First policy, SFMTA will create a Rapid Network with several major corridor projects by implementing pedestrian bulbs, transit only lanes, traffic signal priority, and other street design changes.	\$118
Debt Service Reserve Fund	Cash assets designated by the SFMTA to ensure full and timely payments to bond holders.	\$22.5
Reserve for Market Uncertainty	A reserve to provide room in the total appropriation amount for fluctuations in the market—standard practice in bonds issuances.	\$7.7
Cost of Issuance	The estimated cost of issuance is includes underwriting fees, legal counsel, rating agency fees, consultants, and bank trustee.	\$1.3
City Services Auditor-- Audit Fund	City Services Auditor 0.2% allocation for Controller's Audit Fund.	\$0.5
TOTAL		\$287

Credit Rating Considerations

- Rating downgrade by S&P to 'AA-' from 'AA' (negative outlook) may increase rates an estimated 25bps (0.25%)– SFMTA’s debt is still high-quality investment grade
- SFMTA retains “a very strong enterprise risk profile, a strong financial risk profile, and significant support by various tax revenue,” with “strong debt and liabilities capacity”
- An additional rating from S&P and Moody’s is required

Farebox Recovery

- While historically, farebox recovery below 30% was a negative, in the post-pandemic period it is less of a factor.

Critical Service Provider

- San Francisco is amongst the wealthiest cities in the country with a strong economic base. SFMTA plays a key role in the City’s transport network.

Broad Revenue Pledge

- SFMTA has a diverse enterprise revenue base (farebox, parking, fine and fee revenues) that is expected to be resilient under a wide range of scenarios.

General Fund/Public Support

- Generally supportive political establishment and voter base, translated into steady financial resources (e.g., General Fund support)

Competent Management

- With low overall leverage and high liquidity, SFMTA is well positioned both to manage the immediate and long-term challenges related to COVID-19.

Underwriter Selection

Ten proposals were received and scored by the MTA and independent advisors

Selected Team

- Sr. Manager: Royal Bank of Canada Capital Markets (RBCCM)
- Co-Managers:
 - Goldman Sachs Group
 - Siebert Williams Shank & Co. (SWS)
- The team will provide broad market coverage and deep, diverse expertise in the transportation sector
- SWS is a MWBE with a substantial local desk— added benefit of being in the syndicate for past MTA deals

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RECENTLY PRICED DEALS BY TRANSPORTATION AGENCIES

Pricing Date	8/18/2020		8/19/2020		8/18/2020		8/13/2020		8/11/2020		8/5/2020	
Issuer	SF BART		Los Angeles International Airport		NYS Metropolitan Transportation Authority		Miami-Dade County		Los Angeles County MTA		San Francisco International Airport	
Security Type	GO		GARB		BANS - MLF		Sales Surtax Revenue		Measure R Jr Sub Lien		GARB	
Ratings	Aaa/AAA		Aa2/AA-/AA		SP-2		nr / AA/AA		nr/AA/AA		A1/AA+	
Tax Status	Tax-Exempt		Tax-Exempt (Non-AMT)		Tax-Exempt		Taxable		Tax-Exempt		Tax-Exempt (AMT) / Taxable	
Par Amount	625,005,000		558,500,000		465,000,000		513,405,000		1,356,095,000		291,275,000	
	Yield	T/E Spread	Yield	T/E Spread	Yield	T/E Spread	Yield	Tax Spread	Yield	T/E Spread	Yield	T/E Spread
2021							0.410	+ 25				
2022							0.460	+ 30				
2023					1.920	+ 179.5	0.540	+ 35	0.090	+ 2		
2024	0.100 (5s)	-5	0.370	+ 20			0.750	+ 45	0.140	+ 3		
2025	0.150 (5s)	-6	0.470	+ 25			0.900	+ 60	0.200	+ 4		
2026	0.230 (5s)	-8	0.570	+ 26			1.100	+ 60	0.340	+ 9		
2027	0.330 (5s)	-6	0.690	+ 29			1.250	+ 75	0.480	+ 16		
2028	0.430 (5s)	-3	0.850	+ 37			1.500	+ 82	0.600	+ 21		
2029	0.550 (5s)	+ 1	0.950	+ 39			1.550	+ 87	0.690	+ 23		
2030	0.660 (4s)	+ 6	1.040	+ 41			1.650	+ 92	0.770	+ 24		
2031	0.800 (4s)	+ 11	1.150	+ 44			1.750	+ 107	0.860	+ 28		
2032	0.940 (4s)	+ 19	1.230	+ 45					0.930	+ 32		
2033	1.020 (4s)	+ 20	1.330	+ 48					1.010	+ 26		
2034	1.130 (4s)	+ 24	1.450	+ 53					1.060	+ 24		
2035	1.190 (4s)	+ 25	1.500	+ 53					1.080	+ 21		
2036	1.490 (3s)	+ 50	1.740	+ 72					1.100	+ 18		
2037	1.550 (3s)	+ 52	1.780	+ 71					1.140	+ 18	1.750 (5s)	+ 72
2038	1.590 (3s)	+ 53	1.820	+ 72							1.780 (5s)	+ 72
2039	2.030 (2s)	+ 94	1.860	+ 73							1.960 (4s)	+ 87
2040	2.070 (2s)	+ 95	1.900	+ 74							2.010 (4s)	+ 89
2041	2.100 (2s)	+ 94										
2042	2.130 (2s)	+ 94										
2043							2.600	+ 130				
2044			1.820 (5s)	+ 52								
2045	1.640 (4s)	+ 36										
2046	2.220 (2s)	+ 93										
2047			2.070 (4s)	+ 70								
2048												
2049												
2050	2.060 (3s)	+ 72										
2051											2.958	+ 175

5s '24-'35
4s '35-'40

+\$239.55mm T-E

20 competitive bids from 10 firms
all bids rejected; TIC avg 2.79%
MLF TIC = 1.92%

taxable 2051

Transportation Deals pricing the week of 8/24 (\$ mils)

537.630	Chicago Transit Authority, Sales Tax Rev Refunding (Taxable)	nr/A+/nr/AA-
345.070	Chicago Transit Authority, Sales Tax Rev Refunding (Exempt)	nr/A+/nr/AA-
1,300.000	NYS Transportation Dev Auth - LaGuardia Airport Terminal-Delta Airlines, Spec Fac	
215.405	Delaware Transportation Authority, Sr Rev Refunding	Aa1/AA+
84.980	Regional Transit Auth (New Orleans) Sales Tax Refunding (Exempt+Taxable)	Aa3/AA
12.690	Metropolitan Airport Auth of Rock Island, IL (AGM) Refunding	nr/AA

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RECENTLY PRICED DEALS BY TRANSPORTATION AGENCIES (cont.)

Pricing Date	7/28/2020		7/15/2020		7/30/2020		7/7/2020		6/17/2020	
Issuer	Colorado Department of Transportation		Southeast Pennsylvania Transportation Authority		DFW Airport		Bi-State Development Authority, MO		Transbay Joint Power Authority	
Security Type	COP Lease		GANs		GARB		Sales Tax		Sr Tax Allocation	
Ratings	Aa2/AA-		AA-		A1/A/A+/AA		Aa2/AA-/nr/AA+		nr/nr/A-	
Tax Status	Tax-Exempt		Tax-Exempt		Taxable		Taxable		Tax-Exempt	
Par Amount	19,050,000		97,250,000		1,193,985,000		271,205,000		189,480,000	
	Yield	T/E Spread	Yield	T/E Spread	Yield	Tax Spread	Yield	Tax Spread	Yield	T/E Spread
2021			0.410	+ 24			0.765	+ 60		
2022			0.490	+ 29			0.895	+ 73		
2023			0.530	+ 31	1.041	+ 90	1.016	+ 83		
2024			0.620	+ 34	1.229	+ 100	1.224	+ 93		
2025			0.720	+ 36	1.329	+ 110	1.344	+ 105	1.340	+ 90
2026			0.880	+ 42	1.649	+ 125	1.616	+ 113	1.530	+ 100
2027			1.020	+ 49	1.749	+ 135	1.716	+ 123	1.690	+ 109
2028			1.160	+ 56	1.946	+ 140	1.870	+ 122	1.830	+ 115
2029			1.240	+ 56	2.046	+ 150	1.970	+ 132	1.930	+ 116
2030			1.330	+ 58	2.096	+ 155	2.020	+ 137	2.030	+ 118
2031			1.380	+ 54	2.246	+ 170	2.150	+ 150	2.170	+ 122
2032			1.430	+ 52	2.416	+ 187	2.250	+ 160	2.320	+ 130
2033					2.516	+ 197	2.350	+ 170	2.410	+ 131
2034			(all 5s)		2.696	+ 215			2.440	+ 126
2035					2.796	+ 225			2.490	+ 125
2036					2.896	+ 235			2.530	+ 124
2037	1.720	+ 60							2.570	+ 124
2038	1.770	+ 62							2.610	+ 125
2039	1.810	+ 63							2.650	+ 126
2040	1.860	+ 64			3.089	+ 190	2.929	+ 155	2.690	+ 126
2041	1.900	+ 65								
2042							2.979	+ 160		
2043	(all 4s)									
2044										
2045									2.710	+ 112
2046										
2047										
2048										
2049									2.750	+ 111
2050					2.919	+ 173				
2051									(all 5s)	